

118TH CONGRESS
1ST SESSION

H. R. 3129

To ensure health care fairness and affordability for all Americans through universal access to equitable health insurance tax credits, reformed health savings accounts, and strengthened consumer protections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2023

Mr. SESSIONS introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To ensure health care fairness and affordability for all Americans through universal access to equitable health insurance tax credits, reformed health savings accounts, and strengthened consumer protections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; PURPOSES; TABLE OF CON-**
 2 **TENTS.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
 4 “Health Care Fairness for All Act”.

5 (b) **PURPOSES.**—The purposes of this Act are as fol-
 6 lows:

7 (1) **ELIMINATION OF INDIVIDUAL AND EM-**
 8 **PLOYER MANDATES.**—To eliminate mandates on in-
 9 dividuals and employers, and other tax requirements,
 10 imposed under Public Law 111–148.

11 (2) **PROVIDING STATES WITH ALTERNATIVE,**
 12 **AFFORDABLE COVERAGE OPTIONS.**—To provide
 13 greater flexibility in providing States with options in
 14 making affordable health insurance coverage avail-
 15 able by eliminating certain mandates under Public
 16 Law 111–148, while retaining essential consumer
 17 protections, by promoting health savings accounts to
 18 pay for such coverage and long-term care coverage,
 19 while permitting States to continue coverage as pro-
 20 vided under such public law.

21 (c) **TABLE OF CONTENTS.**—The table of contents of
 22 this Act is as follows:

Sec. 1. Short title; purposes; table of contents.

Sec. 2. Definitions.

TITLE I—REVISION OF FEDERAL HEALTH LAW

Subtitle A—Elimination of Employer and Individual Mandates

Sec. 101. Repeal of individual health insurance mandate.

- Sec. 102. Repeal of employer health insurance mandate.
 Sec. 103. Clarifying employer's ability to reimburse employee premiums for purchase of individual health insurance coverage.

Subtitle B—Limitation on Application of Federal Health Plan Requirements

- Sec. 121. Limiting application of requirements to consumer protections.
 Sec. 122. Offering of basic health insurance; protection of assets from liability or attachment or seizure.
 Sec. 123. Ensuring access to short-term limited duration insurance.
 Sec. 124. Making telehealth flexibilities permanent.

Subtitle C—Health Insurance Tax Benefit

- Sec. 131. Health insurance tax benefit.
 Sec. 132. Application of portion of unused tax credits by States for indigent health care.
 Sec. 133. Medicaid option of enrollment under private plan and contribution to an HSA.
 Sec. 134. Repeal of reporting requirements relating to employee health insurance premiums and health plan benefits.
 Sec. 135. Report.

Subtitle D—Medicare Reforms

- Sec. 141. Physician-owned hospitals.
 Sec. 142. Prohibiting the use of an inpatient-only list in designating hospital outpatient services under the Medicare program.
 Sec. 143. Promoting Medicare site-neutral payments.
 Sec. 144. Medicare Advantage contributions to Roth HSAs for chronically ill enrollees.
 Sec. 145. Extending acute hospital care at home waiver flexibilities.

TITLE II—IMPROVING HEALTH SAVINGS ACCOUNTS TO PROMOTE ACCOUNTABILITY

- Sec. 201. Transition to non-deductible HSAs.
 Sec. 202. Elimination of medical expense deduction.
 Sec. 203. Treatment of HSA after death of account beneficiary.
 Sec. 204. Treatment of direct patient care arrangements.

TITLE III—STATE FLEXIBILITY IN REGULATION OF HEALTH INSURANCE COVERAGE

- Sec. 301. State flexibility in regulation of health insurance coverage.

TITLE IV—MEDICAID PAYMENT REFORM

- Sec. 401. Medicaid payment reform to ensure equitable access to care.

TITLE V—PRICE TRANSPARENCY

- Sec. 501. Promoting transparent hospital prices for consumers.

1 SEC. 2. DEFINITIONS.

2 Except as otherwise provided, in this Act:

1 (1) BASIC HEALTH INSURANCE.—The term
2 “basic health insurance” is defined in section
3 122(a).

4 (2) DEFAULT HEALTH INSURANCE COV-
5 ERAGE.—The term “default health insurance cov-
6 erage” is defined in section 121(b)(4)(B).

7 (3) EXCHANGE.—The term “Exchange” means
8 an Exchange established under title I of Public Law
9 111–148.

10 (4) HEALTH INSURANCE COVERAGE; GROUP
11 HEALTH PLAN, ETC.—The terms defined in section
12 2791 of the Public Health Service Act, including
13 “health insurance coverage”, “group health plan”
14 “individual market”, shall apply.

15 (5) LIMITED BENEFIT INSURANCE.—The term
16 “limited benefit insurance” is defined in section
17 122(b).

18 (6) SECRETARY.—The term “Secretary” means
19 the Secretary of Health and Human Services.

20 (7) STATE.—The term “State” includes the
21 District of Columbia, Puerto Rico, the United States
22 Virgin Islands, American Samoa, Guam, and the
23 Northern Mariana Islands.

1 **TITLE I—REVISION OF FEDERAL**
2 **HEALTH LAW**

3 **Subtitle A—Elimination of**
4 **Employer and Individual Mandates**

5 **SEC. 101. REPEAL OF INDIVIDUAL HEALTH INSURANCE**
6 **MANDATE.**

7 Section 5000A of the Internal Revenue Code of 1986
8 is amended by adding at the end the following new sub-
9 section:

10 “(h) **TERMINATION.**—This section shall not apply to
11 months beginning after December 31, 2022.”.

12 **SEC. 102. REPEAL OF EMPLOYER HEALTH INSURANCE MAN-**
13 **DATE.**

14 (a) **IN GENERAL.**—Chapter 43 of the Internal Rev-
15 enue Code of 1986 is amended—

16 (1) by striking section 4980H, and

17 (2) by striking the item relating to section
18 4980H from the table of sections for such chapter.

19 (b) **REPEAL OF RELATED REPORTING REQUIRE-**
20 **MENTS.**—Subpart D of part III of subchapter A of chap-
21 ter 61 of such Code is amended by striking section 6056
22 and by striking the item relating to section 6056 in the
23 table of sections for such subpart.

24 (c) **CONFORMING AMENDMENTS.**—

1 (1) Section 6724(d)(1)(B) of such Code is
2 amended by striking clause (xxv).

3 (2) Section 6724(d)(2) of such Code is amend-
4 ed by striking subparagraph (HH).

5 (3) Section 1513 of Public Law 111–148 is
6 amended by striking subsection (c).

7 (d) EFFECTIVE DATES.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendments made by
10 this section shall apply to months and other periods
11 beginning more than 30 days after the date of the
12 enactment of this Act.

13 (2) REPEAL OF STUDY AND REPORT.—The
14 amendment made by subsection (c)(3) shall take ef-
15 fect on the date of the enactment of this Act.

16 **SEC. 103. CLARIFYING EMPLOYER'S ABILITY TO REIM-**
17 **BURSE EMPLOYEE PREMIUMS FOR PUR-**
18 **CHASE OF INDIVIDUAL HEALTH INSURANCE**
19 **COVERAGE.**

20 An employer health care arrangement, such as a
21 health or medical reimbursement arrangement (HRA) or
22 other employment plans, under which an employer reim-
23 burses an employee for the premiums for the purchase of
24 individual health insurance coverage does not constitute

1 a group health plan for any purposes, including for pur-
2 poses of applying any of the following:

3 (1) The Public Health Service Act (including
4 sections 2711 and 2714 of such Act, 42 U.S.C.
5 300gg-11, 300gg-14).

6 (2) Public Law 111-148.

7 (3) The Internal Revenue Code of 1986 (other
8 than for purposes of section 36B of such Code).

9 (4) The Employee Retirement Income Security
10 Act of 1974.

11 (5) The HIPAA privacy regulations (as defined
12 in section 1180(b)(3) of the Social Security Act, 42
13 U.S.C. 1320d-9(b)(3)).

14 (6) The Health Insurance Portability and Ac-
15 countability Act of 1996.

16 (7) COBRA continuation coverage under title
17 XXII of the Public Health Service Act (42 U.S.C.
18 300bb-1 et seq.), section 4980B of the Internal Rev-
19 enue Code of 1986, or title VI of the Employee Re-
20 tirement Income Security Act of 1974 (29 U.S.C.
21 1161 et seq.).

1 **Subtitle B—Limitation on Applica-**
2 **tion of Federal Health Plan Re-**
3 **quirements**

4 **SEC. 121. LIMITING APPLICATION OF REQUIREMENTS TO**
5 **CONSUMER PROTECTIONS.**

6 (a) REMOVAL OF PUBLIC LAW 111–148 PLAN RE-
7 QUIREMENTS, OTHER THAN CERTAIN CONSUMER PRO-
8 TECTIONS.—

9 (1) IN GENERAL.—Notwithstanding any other
10 provision of law, with respect to group health plans
11 and health insurance coverage whether or not of-
12 fered through an Exchange, except as provided in
13 paragraphs (2) and (3), the provisions of title
14 XXVII of the Public Health Service Act (42 U.S.C.
15 300gg et seq.) as in effect on the day before the date
16 of the enactment of Public Law 111–148 shall apply
17 instead of the provisions of such title as in effect
18 after such date.

19 (2) PUBLIC LAW 111–148 CONSUMER PROTEC-
20 TIONS CONTINUING TO BE APPLIED.—The following
21 sections of the Public Health Service Act, that were
22 added or amended by subtitles A and C of title I of
23 Public Law 111–148, shall continue to apply to
24 group health plans and to health insurance coverage
25 offered in the individual and group market:

1 (A) NO LIFETIME OR ANNUAL LIMITS.—
2 Section 2711 (42 U.S.C. 300gg-11; relating to
3 no lifetime or annual limits), except in the case
4 of limited benefit insurance (as defined in sec-
5 tion 122(b)).

6 (B) DEPENDENT COVERAGE THROUGH
7 AGE 26.—Section 2714 (42 U.S.C. 300bb-14;
8 relating to extension of dependent coverage).

9 (C) MODIFIED GUARANTEED AVAIL-
10 ABILITY.—Section 2702 (42 U.S.C. 300gg-1;
11 relating to guaranteed availability of coverage),
12 subject to paragraph (3) and subsection (c).

13 (D) GUARANTEED RENEWABILITY.—Sec-
14 tion 2703 (42 U.S.C. 300gg-2; relating to
15 guaranteed renewability of coverage).

16 (E) PROHIBITING PRE-EXISTING CONDI-
17 TION EXCLUSIONS.—Section 2704 (42 U.S.C.
18 300gg-3; relating to prohibition on preexisting
19 conditions).

20 (F) PROHIBITING DISCRIMINATION BASED
21 ON HEALTH STATUS.—Section 2705 (42 U.S.C.
22 300gg-4; relating to prohibiting discrimination
23 against individual participants and beneficiaries
24 based on health status), subject to subsection
25 (c).

1 (G) NON-DISCRIMINATION IN HEALTH
2 CARE.—Section 2706 (42 U.S.C. 300gg–5; re-
3 lating to non-discrimination in health care).

4 (3) APPLICATION OF A LATE ENROLLMENT
5 PENALTY FOR THOSE WITHOUT CONTINUOUS COV-
6 ERAGE.—

7 (A) IN GENERAL.—In the case of an indi-
8 vidual who seeks to enroll in health insurance
9 coverage and who, as of the effective date of
10 such enrollment, does not have a continuous pe-
11 riod of at least 12 months of creditable cov-
12 erage, there shall be imposed a late enrollment
13 penalty in the form of an increase in the
14 monthly premiums for coverage of under the
15 plan of 20 percent of the monthly premium oth-
16 erwise determined for each consecutive full 12-
17 month period (ending before such effective
18 date) in which the individual was not enrolled
19 in creditable coverage. Such increase shall apply
20 during a period, to be specified under regula-
21 tions of the Secretary but in no case longer
22 than 3 times the length of the most recent pe-
23 riod in which the individual did not have contin-
24 uous coverage.

1 (B) STATE WAIVER.—A State may apply
2 to the Secretary for a waiver of the provisions
3 of subparagraph (A) and the application of al-
4 ternative provisions providing incentives for
5 State residents to enroll in creditable coverage
6 and maintain continuous creditable coverage.
7 The Secretary shall approve such waiver if the
8 Secretary determines that the alternative provi-
9 sions provide similar or greater incentives for
10 such enrollment than the incentives otherwise
11 applicable.

12 (4) COORDINATING IMPLEMENTATION OF PRE-
13 PUBLIC LAW 111–148 PHSA PROVISIONS WITH PUBLIC
14 LAW 111–148 CONSUMER PROTECTIONS.—

15 (A) IN GENERAL.—In applying this sub-
16 section, the provisions described in paragraph
17 (2) shall be treated as if they were included in
18 title XXVII of the Public Health Service Act,
19 as in effect before the date of enactment of
20 Public Law 111–148, and, with respect to
21 group health plans and health insurance cov-
22 erage offered in connection with such plans, in
23 part 7 of subtitle B of title I of the Employee
24 Retirement and Income Security Act of 1974
25 (29 U.S.C. 1181 et seq.), and, with respect to

1 group health plans, in chapter 100 of the Inter-
2 nal Revenue Code of 1986 as follows:

3 (i) LIFETIME LIMITS; DEPENDENT
4 COVERAGE.—The provisions described in
5 paragraphs (2)(A) and (2)(B) shall be
6 treated as included—

7 (I) with respect to group health
8 plans (and health insurance coverage
9 offered with respect to such plans),
10 under subpart 2 of part A of title
11 XXVII of the Public Health Service
12 Act (42 U.S.C. 300gg–11 et seq.) and
13 subpart B of part 7 of subtitle B of
14 title I of the Employee Retirement
15 and Income Security Act of 1974 (29
16 U.S.C. 1181 et seq.);

17 (II) also with respect to group
18 health plans, under subchapter B of
19 chapter 100 of the Internal Revenue
20 Code of 1986; and

21 (III) with respect to individual
22 health insurance coverage, under sub-
23 part 2 of part B of title XXVII of the
24 Public Health Service Act (42 U.S.C.
25 300gg–15 et seq.).

1 (ii) REMAINING PROVISIONS.—The
2 provision described in paragraph (2) (other
3 than in subparagraph (A) or (B) of such
4 paragraph) shall be treated as included—

5 (I) with respect to group health
6 plans (and health insurance coverage
7 offered with respect to such plans),
8 under subpart 1 of part A of title
9 XXVII of the Public Health Service
10 Act (42 U.S.C. 300gg et seq.) and
11 subpart A of part 7 of subtitle B of
12 title I of the Employee Retirement
13 and Income Security Act of 1974 (29
14 U.S.C. 1181 et seq.);

15 (II) also with respect to group
16 health plans, under subchapter A of
17 chapter 100 of the Internal Revenue
18 Code of 1986; and

19 (III) with respect to individual
20 health insurance coverage, under sub-
21 part 1 of part B of title XXVII of the
22 Public Health Service Act (42 U.S.C.
23 300gg–41 et seq.).

24 (B) CONFLICTING PROVISIONS.—In the
25 case described in paragraph (1) where there is

1 a conflict between a provision described in para-
2 graph (2) and a provision of law described in
3 paragraph (1), the provision described in para-
4 graph (2) shall control and the Secretary, in
5 consultation with the Secretary of the Treasury
6 and the Secretary of Labor, shall establish such
7 rules as may be necessary to carry out this sub-
8 paragraph.

9 (5) CONFORMING AMENDMENTS.—

10 (A) ERISA.—Section 715 of the Employee
11 Retirement Income Security Act of 1974 (29
12 U.S.C. 1185d) is amended—

13 (i) in subsection (a), by striking “sub-
14 section (b)” and inserting “subsections (b)
15 and (c)”; and

16 (ii) by adding at the end the following
17 new subsection:

18 “(c) ADDITIONAL EXCEPTION.—Pursuant to section
19 121 of the Health Care Fairness for All Act, the provi-
20 sions of part A of title XXVII of the Public Health Service
21 Act referred to in subsection (a), other than those provi-
22 sions specified in section 121(a)(2) of the Health Care
23 Fairness for All Act, shall not apply to plans and coverage
24 described in subsection (a), whether or not the plans or

1 coverage are offered through an Exchange established by
2 Public Law 111–148.”.

3 (B) IRC.—Section 9815 of the Internal
4 Revenue Code of 1986 is amended—

5 (i) in subsection (a), by striking “sub-
6 section (b)” and inserting “subsections (b)
7 and (c)”; and

8 (ii) by adding at the end the following
9 new subsection:

10 “(c) ADDITIONAL EXCEPTION.—Pursuant to section
11 121 of the Health Care Fairness for All Act, the provi-
12 sions of part A of title XXVII of the Public Health Service
13 Act referred to in subsection (a), other than those provi-
14 sions specified in section 121(a)(2) of the Health Care
15 Fairness for All Act, shall not apply to plans described
16 in subsection (a).”.

17 (b) STATE FLEXIBILITY IN ENSURING ORDERLY
18 HEALTH INSURANCE MARKET OUTSIDE OF AN EX-
19 CHANGE.—

20 (1) IN GENERAL.—With respect to health insur-
21 ance coverage offered in a State, the State may, in
22 consultation with the Secretary, take such steps,
23 such as limiting the availability of general open en-
24 rollment periods, imposing delays in the effectiveness
25 for coverage, permitting differentials in premiums

1 based on age and other factors, as the State deter-
2 mines necessary in order to ensure an orderly mar-
3 ket for health insurance coverage in the State that
4 is not offered through an Exchange. Such steps may
5 include the establishment of such initial open enroll-
6 ment period during which qualified residents may
7 enroll in health insurance coverage without the im-
8 position of any underwriting as the State determines
9 to be appropriate in ensuring initial access to such
10 coverage.

11 (2) FLEXIBILITY IN IMPOSING ADDITIONAL RE-
12 QUIREMENTS.—Subject to paragraph (5), nothing in
13 this section shall be construed as preventing a State
14 from continuing to apply, to health insurance cov-
15 erage issued in the State, requirements under the
16 provisions of title XXVII of the Public Health Serv-
17 ice Act (as amended by subtitles A and C of title I
18 of Public Law 111–148) that are not continued
19 under subsection (a).

20 (3) STATE FLEXIBILITY WITH RESPECT TO EX-
21 CHANGES.—A State may waive such provisions of
22 part II of subtitle D of title I of Public Law 111–
23 148 (42 U.S.C. 18031 et seq.), in relation to the es-
24 tablishment of an Exchange in such State, as the
25 State determines appropriate in order for the State

1 to implement and administer a market-based system
2 for the availability of health insurance coverage
3 throughout the State.

4 (4) STATE DEFAULT ENROLLMENT OPTION.—

5 (A) ENROLLMENT, SUBJECT TO INDI-
6 VIDUAL OPT-OUT.—Subject to subparagraph
7 (D), a State may elect to provide for the enroll-
8 ment of residents of the State who are unin-
9 sured in default health insurance coverage (as
10 defined in subparagraph (B)) and establishing a
11 Roth HSA for such residents who do not have
12 a Roth HSA unless the resident has affirma-
13 tively elected not to be so enrolled and not to
14 have such an account, respectively. If a State
15 makes such an election, the State shall permit
16 eligible residents to enroll in such coverage on
17 a continuous basis.

18 (B) DEFAULT HEALTH INSURANCE COV-
19 ERAGE DEFINED.—In this paragraph, the term
20 “default health insurance coverage” means,
21 with respect to a State, health insurance cov-
22 erage that—

23 (i) is a high deductible health plan
24 (within the meaning of section 223(c)(2) of
25 the Internal Revenue Code of 1986) with

1 prescription drug coverage limited to ge-
2 neric drugs for a limited number of chronic
3 conditions (commonly referred to as tier I
4 pharmacy benefit);

5 (ii) meets such requirements as may
6 apply to qualify for the payment of plan
7 premiums from a health savings account
8 under section 223 of such Code (such as
9 age-related premiums and limitation on
10 imposition of preexisting condition exclu-
11 sions);

12 (iii) has a provider network for cov-
13 ered benefits that is adequate (as deter-
14 mined consistent with guidelines issued by
15 the Secretary) to ensure access to health
16 benefits under such plan;

17 (iv) provides for coverage of childhood
18 immunizations without cost sharing re-
19 quirements to the extent such immuniza-
20 tions have in effect a recommendation
21 from the Advisory Committee on Immuni-
22 zation Practices of the Centers for Disease
23 Control and Prevention with respect to the
24 individual involved; and

1 (v) meets such other requirements as
2 the State may specify.

3 (C) ROTH HSA.—In this paragraph, the
4 term “Roth HSA” shall have the meaning given
5 such term by section 530A(c) of the Internal
6 Revenue Code of 1986, as added by section
7 201(a) of this Act.

8 (D) SIMPLE PROCESS FOR INDIVIDUALS TO
9 OPT OUT.—As a condition of a State providing
10 for the enrollment function described in sub-
11 paragraph (A), the State must establish an
12 easy-to-use and transparent means by which in-
13 dividuals may elect not to be enrolled in default
14 health insurance coverage or to have a Roth
15 HSA established on the individual’s behalf, or
16 both.

17 (5) MINIMUM AGE VARIATION PERMITTED FOR
18 PREMIUM RATES.—With respect to the premium rate
19 charged by a health insurance issuer for health in-
20 surance coverage offered in the individual or small
21 group market, a State may not limit the variation by
22 age in such rate with respect to a particular plan or
23 coverage involved by less than a factor of 5 to 1 for
24 adults. The previous sentence shall be treated as if
25 it were included in subpart I of part A of title

1 XXVII of the Public Health Service Act (42 U.S.C.
2 300gg et seq.).

3 (c) INAPPLICABILITY OF REQUIRED ESSENTIAL
4 HEALTH BENEFITS.—

5 (1) IN GENERAL.—Notwithstanding any other
6 provision of law, no health benefits plan shall be re-
7 quired by reason of Federal law to comply with the
8 requirements of sections 1301(a)(1)(B) and 1302 of
9 Public Law 111–148 (42 U.S.C. 18021(a)(1)(B),
10 18022).

11 (2) STATE FLEXIBILITY.—Nothing in this sub-
12 section shall be construed as preventing a State
13 from applying, at its option with respect to health
14 insurance coverage offered through an Exchange or
15 otherwise in the State, the requirements referred to
16 in paragraph (1).

17 (d) EFFECTIVE DATE; TRANSITION.—

18 (1) IN GENERAL.—Subsection (a), (b), and (c)
19 shall apply to plan years beginning after the date of
20 the enactment of this Act.

21 (2) SUNSETTING REQUIRED CONTRIBUTION FOR
22 ACA REINSURANCE PROGRAM.—No contribution shall
23 be required under section 1341 of Public Law 111–
24 148 (42 U.S.C. 18061) from any group health plan
25 or health insurance issuer for portions of plans years

1 occurring in months beginning more than 30 days
2 after the date of the enactment of this Act.

3 (e) SECRETARIAL GUIDANCE.—The Secretary of
4 Health and Human Services, in coordination with the Sec-
5 retary of Labor and the Secretary of the Treasury, shall
6 provide such guidance as may be necessary for the coordi-
7 nated implementation of this section on a timely basis.

8 (f) TRANSFERRING HEALTH PLAN RECORDS UPON
9 CHANGING PLANS.—

10 (1) IN GENERAL.—In the case of an individual
11 who is covered under health insurance coverage or as
12 a beneficiary or participant in a group health plan
13 (as such terms are defined in section 2791 of the
14 Public Health Service Act, 42 U.S.C. 300gg–91), if
15 such coverage is ended and the individual obtains
16 other health insurance coverage, group health plan
17 coverage, or other creditable coverage (as defined for
18 purposes of title XXVII of such Act), the issuer of
19 the prior coverage or administrator of the prior plan
20 shall forward information respecting such prior cov-
21 erage to the issuer of the new coverage or adminis-
22 trator of the new plan or coverage, as the case may
23 be, subject to such rules as the Secretary establishes
24 regarding the right of the beneficiary or participant
25 to object to such forwarding of information.

1 (2) TREATMENT AS PLAN REQUIREMENT
2 UNDER PHSA, ERISA, IRC.—The requirement of
3 paragraph (1) shall apply as if it were a section
4 under part A of title XXVII of the Public Health
5 Service Act, including for purposes of applying sec-
6 tion 715 of the Employee Retirement Income Secu-
7 rity Act of 1976 (29 U.S.C. 1185d) and section
8 9815 of the Internal Revenue Code of 1986.

9 (g) APPLICATION OF RISK ADJUSTMENT.—

10 (1) IN GENERAL.—Any issuer that offers health
11 insurance coverage in the individual market in any
12 of the 50 States or the District of Columbia shall
13 participate in a risk adjustment mechanism under
14 this subsection with respect to any health insurance
15 coverage it so offers in such market, whether or not
16 such coverage is offered through an Exchange.

17 (2) FORM AND DESIGN OF RISK ADJUSTMENT
18 MECHANISM.—The Secretary shall, in consultation
19 with the National Association of Insurance Commis-
20 sioners and other interested parties, develop a mech-
21 anism to permit the adjustment of risk among
22 health insurance coverage offered in the individual
23 market throughout the 50 States and the District of
24 Columbia. Such mechanism shall be designed to ef-
25 fect the same type of risk adjustment among such

1 coverage that is applicable to risk adjustment of
2 payments among Medicare Advantage organizations
3 under part C of title XVIII of the Social Security
4 Act (42 U.S.C. 1395w–21 et seq.).

5 (3) TRANSITION FOR NEW COVERAGE.—The
6 mechanism developed under paragraph (2) shall pro-
7 vide for transitional protection, over a 3-year period,
8 in the case of health insurance coverage that has not
9 been previously marketed.

10 (4) DEVELOPMENT OF FURTHER RISK ADJUST-
11 MENT MECHANISM.—The Secretary shall request the
12 National Association of Insurance Commissioners to
13 develop a permanent model for adjustment of risk
14 among health insurance issuers with respect to
15 health insurance coverage offered in the individual
16 market, with the intention that such a model would
17 substitute for the mechanism developed under para-
18 graph (2).

19 (5) TREATMENT AS PLAN REQUIREMENT
20 UNDER PHSA, ERISA, IRC.—The requirement of
21 paragraph (1) shall apply as if it were a section
22 under part A of title XXVII of the Public Health
23 Service Act (42 U.S.C. 300gg et seq.), including for
24 purposes of applying section 715 of the Employee
25 Retirement Income Security Act of 1976 (29 U.S.C.

1 1185d) and section 9815 of the Internal Revenue
2 Code of 1986.

3 **SEC. 122. OFFERING OF BASIC HEALTH INSURANCE; PRO-**
4 **TECTION OF ASSETS FROM LIABILITY OR AT-**
5 **TACHMENT OR SEIZURE.**

6 (a) REQUIREMENT FOR EXCHANGES.—

7 (1) IN GENERAL.—No tax credit shall be allow-
8 able under section 36B or 36C of the Internal Rev-
9 enue Code of 1986 for residents of a State unless
10 any Exchange established in the State provides for
11 the offering of basic health insurance in all areas of
12 the State.

13 (2) BASIC HEALTH INSURANCE DEFINED.—In
14 this subsection, the term “basic health insurance”
15 means, with respect to a State, such health insur-
16 ance coverage as the State may specify and includes
17 limited benefit insurance (as defined in subsection
18 (b)).

19 (b) LIMITED BENEFIT INSURANCE DEFINED.—

20 (1) IN GENERAL.—In this title, the term “lim-
21 ited benefit insurance” means individual health in-
22 surance coverage that, with respect to a plan year,
23 imposes (consistent with paragraph (2)) an annual
24 limit on the amounts that may be payable under the

1 coverage with respect to expenses incurred for items
2 and services furnished in that plan year.

3 (2) SPECIFICATION OF ANNUAL LIMIT; VARI-
4 ATION IN LIMIT FOR INDIVIDUAL AND FAMILY COV-
5 ERAGE.—The Secretary shall specify, from year to
6 year, the annual limit (or range of annual limits)
7 that may be applied under paragraph (1). Such a
8 limit may distinguish between coverage that is only
9 provided for an individual and coverage that is pro-
10 vided also for family members of the individual.

11 (c) PROTECTION OF CERTAIN ASSETS IN CASE OF
12 INDIVIDUALS COVERED UNDER LIMITED BENEFIT IN-
13 SURANCE.—

14 (1) IN GENERAL.—Notwithstanding any other
15 provision of law, if an individual is covered under
16 limited benefit insurance for a plan year and bene-
17 fits under such insurance have reached the annual
18 limit under such insurance for items and services
19 furnished in the plan year, the individual is not lia-
20 ble for debt incurred and arising from the provision
21 of subsequently furnished items and services during
22 the plan year, regardless of whether benefits are oth-
23 erwise covered for such items and services under
24 such policy, insofar as the liability attributable to
25 such items and services exceeds—

1 (A) the bankruptcy valuation of the indi-
2 vidual's property at the time the debt is in-
3 curred; reduced by

4 (B) such annual limit of benefits under the
5 limited benefit insurance for the plan year.

6 Property in the amount so protected from liability
7 shall be exempt and immune from attachment or sei-
8 zure with respect to any judgment related to such
9 debt.

10 (2) BANKRUPTCY VALUATION DEFINED.—In
11 this subsection, the term “bankruptcy valuation”
12 means, with respect to property of an individual as
13 of a date, the value of the property as of such date
14 as determined as if the individual were a debtor in
15 a bankruptcy case that could have been filed under
16 title 11 of the United States Code and the property
17 could not be exempt under section 522 of such title.

18 (3) NO REQUIREMENT FOR PROVIDERS TO FUR-
19 NISH SUBSEQUENT SERVICES WITHOUT ENSURING
20 PAYMENT.—Except as may be explicitly provided in
21 other law (such as under section 1867 of the Social
22 Security Act, 42 U.S.C. 1395dd; popularly known as
23 EMTALA), a health care provider is not required to
24 furnish any items or services to an individual who
25 has exhausted benefits under limited benefit insur-

1 **Subtitle C—Health Insurance Tax**
2 **Benefit**

3 **SEC. 131. HEALTH INSURANCE TAX BENEFIT.**

4 (a) IN GENERAL.—Subpart C of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by inserting after section 36B the fol-
7 lowing new section:

8 **“SEC. 36C. HEALTH INSURANCE TAX CREDIT.**

9 “(a) IN GENERAL.—In the case of an individual who
10 is a qualified resident, there shall be allowed as a credit
11 against the tax imposed by this subtitle for any taxable
12 year an amount equal to the health credit amount of the
13 taxpayer for the taxable year.

14 “(b) HEALTH CREDIT AMOUNT.—For purposes of
15 this section—

16 “(1) IN GENERAL.—The term ‘health credit
17 amount’ means the sum of the amounts determined
18 under paragraph (2) with respect to all months of
19 the taxpayer for the taxable year.

20 “(2) MONTHLY CREDIT AMOUNT.—

21 “(A) IN GENERAL.—Subject to paragraph
22 (4), the amount determined under this para-
23 graph with respect to any month shall be an
24 amount equal to the sum of—

1 “(i) $\frac{1}{12}$ of \$4,000 in the case of any
2 month the first day of which the taxpayer
3 is a qualified resident and is covered by
4 creditable coverage (twice such amount in
5 the case of a joint return if both spouses
6 are so covered by creditable coverage and
7 are qualified residents), plus

8 “(ii) $\frac{1}{12}$ of an amount equal to
9 \$2,000 multiplied by the number of quali-
10 fying children (within the meaning of sec-
11 tion 152) who are qualified residents
12 and—

13 “(I) for whom the taxpayer is al-
14 lowed a deduction under section 151
15 for the taxable year in which such
16 month ends, and

17 “(II) who are covered by cred-
18 itable coverage on the first day of
19 such month.

20 “(B) CARRYFORWARD OF MONTHLY CRED-
21 IT AMOUNT IN CASE CREDIT AMOUNT EXCEEDS
22 HSA CONTRIBUTIONS AND PREMIUM PAY-
23 MENTS.—In the case of any month for which
24 the credit amount determined with respect to
25 the taxpayer under subparagraph (A) exceeds

1 the limitation amount determined with respect
2 to the taxpayer for such month under para-
3 graph (3), such excess may be carried forward
4 to any subsequent month during the taxable
5 year for purposes of determining the credit
6 amount for such month under this paragraph.

7 “(3) MONTHLY LIMITATION.—

8 “(A) IN GENERAL.—The amount deter-
9 mined under paragraph (2) for any month of
10 the taxpayer shall not exceed the sum of—

11 “(i) the amounts contributed to a
12 health savings account of the taxpayer for
13 such month, plus

14 “(ii) the premiums paid by the tax-
15 payer for creditable coverage.

16 “(B) CARRYFORWARD OF MONTHLY LIM-
17 TATION IN CASE HSA CONTRIBUTIONS AND PRE-
18 MIUM PAYMENTS EXCEED MONTHLY CREDIT
19 AMOUNT.—In the case of any month for which
20 the amount determined with respect to the tax-
21 payer under subparagraph (A) exceeds the cred-
22 it amount determined with respect to the tax-
23 payer for such month under paragraph (2),
24 such excess may be carried forward to any sub-
25 sequent month during the taxable year for pur-

1 poses of determining the limitation under sub-
2 paragraph (A).

3 “(4) ADJUSTMENT FOR LIMITED BENEFIT IN-
4 SURANCE.—In the case of a taxpayer whose only
5 health insurance coverage for a month is limited
6 benefit insurance (as defined in section 123(b) of the
7 Health Care Fairness for All Act), the amount de-
8 termined under paragraph (2) shall be decreased by
9 such proportion as the Secretary, in consultation
10 with the Secretary of Health and Human Services,
11 determines appropriate, taking into account the ratio
12 of the actuarial value of such limited benefit insur-
13 ance to the average actuarial value of health insur-
14 ance coverage that is not limited benefit insurance.

15 “(c) COORDINATION WITH EMPLOYER-PROVIDED
16 HEALTH INSURANCE TAX SUBSIDY.—

17 “(1) CREDIT LIMITED BY EMPLOYER-PROVIDED
18 HEALTH INSURANCE TAX SUBSIDY.—The credit al-
19 lowed under this section for any taxable year shall
20 not exceed an amount equal to the excess (if any)
21 of—

22 “(A) the maximum credit which would be
23 allowed for all months of the taxpayer during
24 the taxable year (determined under subsection
25 (b)(2) and without regard to this subsection,

1 the limitation under subsection (b)(3), and any
2 reduction under subsection (d)(1)), over

3 “(B) the taxpayer’s employer-provided
4 health insurance tax subsidy for the taxable
5 year.

6 “(2) EXCESS EMPLOYER-PROVIDED HEALTH IN-
7 SURANCE TAX SUBSIDY INCLUDED IN GROSS IN-
8 COME.—In the case of a taxpayer for whom sub-
9 paragraph (B) of paragraph (1) exceeds subpara-
10 graph (A) of such paragraph for the taxable year,
11 the tax imposed by this chapter shall be increased
12 for such taxable year by the amount of such excess.

13 “(3) EMPLOYER-PROVIDED HEALTH INSURANCE
14 TAX SUBSIDY.—For purposes of this subsection—

15 “(A) IN GENERAL.—The term ‘employer-
16 provided health insurance tax subsidy’ means,
17 with respect to any taxpayer for a taxable year,
18 the sum of—

19 “(i) the Federal income tax subsidy of
20 the taxpayer for the taxable year, plus

21 “(ii) the Federal payroll tax subsidy
22 of the taxpayer for the taxable year.

23 “(B) FEDERAL INCOME TAX SUBSIDY.—
24 The term ‘Federal income tax subsidy’ means,

1 with respect to any taxpayer for the taxable
2 year, the excess (if any) of—

3 “(i) the amount of tax that would
4 have been imposed by this chapter for the
5 taxable year had such tax been determined
6 without regard to this section and by in-
7 cluding amounts otherwise excluded from
8 gross income which were paid by or on be-
9 half of the taxpayer for employer-provided
10 insurance that constitutes medical care,
11 over

12 “(ii) the amount of tax imposed by
13 this chapter for the taxable year (deter-
14 mined without regard to this section).

15 “(C) FEDERAL PAYROLL TAX SUBSIDY.—

16 The term ‘Federal payroll tax subsidy’ means,
17 with respect to any taxpayer for the taxable
18 year, the excess (if any) of—

19 “(i) the sum of—

20 “(I) the amount of tax that
21 would have been imposed by chapter
22 21 with respect to any wages of the
23 taxpayer paid during the taxable year
24 had such tax been determined by in-
25 cluding amounts otherwise excluded

1 from wages which were paid by or on
2 behalf of the taxpayer during the tax-
3 able year for employer-provided insur-
4 ance that constitutes medical care,
5 plus

6 “(II) the amount of tax that
7 would have been imposed by chapter 2
8 on any self-employment income of the
9 taxpayer for such taxable year had
10 self-employment income been deter-
11 mined without regard to any deduc-
12 tion from gross income for amounts
13 paid for insurance which constitutes
14 medical care for the taxpayer, the tax-
15 payer’s spouse, and any qualifying
16 children (within the meaning of sec-
17 tion 152) for whom the taxpayer is al-
18 lowed a deduction under section 151
19 for the taxable year, over

20 “(ii) the amount of tax imposed with
21 respect to the taxpayer during such taxable
22 year under chapter 21 and for such taxable
23 year under chapter 2.

24 “(d) RECONCILIATION OF CREDIT AND ADVANCE
25 CREDIT.—

1 “(1) IN GENERAL.—The amount of the credit
2 allowed under this section for any taxable year (after
3 the application of subsections (b) and (c)) shall be
4 reduced (but not below zero) by the amount of any
5 advance payment of such credit under subsection
6 (e)(1).

7 “(2) EXCESS ADVANCE PAYMENTS.—

8 “(A) IN GENERAL.—If the advance pay-
9 ments to a taxpayer under subsection (e)(1) for
10 a taxable year exceed the credit allowed by this
11 section (determined without regard to para-
12 graph (1)), the tax imposed by this chapter for
13 the taxable year shall be increased by the
14 amount of such excess.

15 “(B) LIMITATION ON INCREASE.—In the
16 case of a taxpayer whose household income is
17 less than 400 percent of the poverty line for the
18 size of the family involved for the taxable year,
19 the amount of the increase under subparagraph
20 (A) shall in no event exceed an amount equal
21 to the applicable percentage of the amount of
22 the credit allowed under this section for the
23 taxable year, determined in accordance with the
24 following table (one-half of such amount so de-
25 termined in the case of a taxpayer whose tax is

1 determined under section 1(c) for the taxable
 2 year):

“If the household income (expressed as a percent of poverty line) is:	The applicable percentage is:
Less than 200%	30%
At least 200% but less than 300%	50%
At least 300% but less than 400%	80%

3 “(e) SPECIAL RULES.—For purpose of this section—

4 “(1) ADVANCE PAYMENT PROGRAM.—

5 “(A) IN GENERAL.—The Secretary of the
 6 Treasury, in consultation with the Secretary of
 7 Health and Human Services, shall establish a
 8 program—

9 “(i) to make advance determinations
 10 with respect to the eligibility of individuals
 11 for the credit allowed under this section,
 12 and

13 “(ii) to make advance payments of the
 14 credit allowed under this section, at the
 15 election of any such individual so eligible,
 16 directly to the health savings account of
 17 any such individual, or, as a subsidy to the
 18 cost of health insurance coverage provided
 19 to any such individual, to the health insur-
 20 ance issuer providing such coverage or the

1 person that administers the plan benefits
2 with respect to such coverage.

3 “(B) PROGRAM REQUIREMENTS.—Such
4 program shall be established under rules similar
5 to the rules of section 1412 of Public Law 111–
6 148, as in effect on the day before the date of
7 the enactment of this section, except that ad-
8 vance determinations and advance payments
9 shall be made on request of the individual with
10 respect to whom the determination is to be
11 made.

12 “(2) INFORMATION REQUIREMENTS.—

13 “(A) IN GENERAL.—Each person providing
14 health insurance coverage which constitutes
15 medical care, and each trustee of a health sav-
16 ings account, shall provide the following infor-
17 mation to the Secretary and to the taxpayer
18 with respect to such coverage or such account:

19 “(i) The total premium for the cov-
20 erage without regard to the credit under
21 this section.

22 “(ii) The aggregate amount of any ad-
23 vance payment of such credit made with
24 respect to such coverage or to such ac-
25 count.

1 “(iii) The name, address, age, and
2 TIN of the primary insured or account
3 holder (as the case may be) and the name,
4 age, and TIN of each other individual ob-
5 taining coverage under such policy of in-
6 surance.

7 “(iv) Any information provided to
8 such person necessary to determine eligi-
9 bility for, and the amount of, such credit.

10 “(v) Information necessary to deter-
11 mine whether a taxpayer has received ex-
12 cess advance payments.

13 “(B) EXCEPTION.—Subparagraph (A)
14 shall not apply to any coverage with respect to
15 which reporting under section 6051 is required.

16 “(3) INDEXING.—

17 “(A) IN GENERAL.—In the case of any cal-
18 endar year beginning after 2024, each of the
19 dollar amounts in subsection (b)(2) and in the
20 table contained under subsection (d)(2)(B) shall
21 be equal to such dollar amount multiplied by
22 the ratio of—

23 “(i) the current dollar gross domestic
24 product (as determined based on the third
25 estimate of the Bureau of Economic Anal-

1 ysis of the Department of Commerce for
2 the second quarter of the previous year), to

3 “(ii) the current dollar gross domestic
4 product (as so determined) for the second
5 quarter of 2023.

6 “(B) ROUNDING.—If the amount of any
7 change under subparagraph (A) is not a mul-
8 tiple of \$50, such change shall be rounded to
9 the next lowest multiple of \$50.

10 “(f) DEFINITIONS.—For purposes of this section—

11 “(1) CREDITABLE COVERAGE.—

12 “(A) IN GENERAL.—The term ‘creditable
13 coverage’ has the meaning given such term for
14 purposes of title XXVII of the Public Health
15 Service Act. Such term shall not include cov-
16 erage under any health plan that includes cov-
17 erage for abortions (other than any abortion de-
18 scribed in subparagraph (B)).

19 “(B) EXCEPTION.—The second sentence of
20 subparagraph (A) shall not apply to an abor-
21 tion—

22 “(i) if the pregnancy is the result of
23 an act of rape or incest, or

24 “(ii) in the case where a woman suf-
25 fers from a physical disorder, physical in-

1 jury, or physical illness that would, as cer-
2 tified by a physician, place the woman in
3 danger of death unless an abortion is per-
4 formed, including a life-endangering phys-
5 ical condition caused by or arising from
6 the pregnancy itself.

7 “(C) SEPARATE ABORTION COVERAGE OR
8 PLAN ALLOWED.—

9 “(i) OPTION TO PURCHASE SEPARATE
10 COVERAGE OR PLAN.—Nothing in subpara-
11 graph (A) shall be construed as prohibiting
12 any individual from purchasing separate
13 coverage for abortions described in such
14 subparagraph, or a health plan that in-
15 cludes such abortions, so long as no credit
16 is allowed under this section with respect
17 to the premiums for such coverage or plan.

18 “(ii) OPTION TO OFFER COVERAGE OR
19 PLAN.—Nothing in subparagraph (A) shall
20 restrict any non-Federal health insurance
21 issuer offering a health plan from offering
22 separate coverage for abortions described
23 in such subparagraph, or a plan that in-
24 cludes such abortions, so long as premiums
25 for such separate coverage or plan are not

1 paid for with any amount attributable to
2 the credit allowed under this section (or
3 the amount of any advance payment of the
4 credit).

5 “(2) QUALIFIED RESIDENT.—The term ‘quali-
6 fied resident’ means an individual who is a citizen or
7 national of the United States or otherwise lawfully
8 residing in the United States under color of law.”.

9 (b) DISQUALIFICATION FROM EXCHANGE PLAN SUB-
10 SIDIES FOR INDIVIDUAL ONCE THEY ELECT TAX BENE-
11 FITS.—Section 36B(c)(1) of such Code is amended by
12 adding at the end the following new subparagraph:

13 “(F) DENIAL OF CREDIT FOR THOSE
14 ELECTING UNIVERSAL CREDIT.—In the case of
15 an individual who is allowed a credit under sec-
16 tion 36C for any taxable year, no credit shall be
17 allowed under this section to such individual for
18 such taxable year or any subsequent taxable
19 year.”.

20 (c) GUIDANCE.—The Secretary of the Treasury shall
21 issue such guidance as is necessary—

22 (1) to assist employees and employers in adjust-
23 ing Federal income tax withholding to take into ac-
24 count the health insurance tax credit under section

1 36C of the Internal Revenue Code of 1986 (and any
2 advance payment thereof), and

3 (2) to require employers to report to each em-
4 ployee with respect to periods not longer than quar-
5 terly the employer-provided health insurance tax
6 subsidy (as defined in section 36C(c)(2) of such
7 Code) with respect to such employee for such period.

8 (d) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
9 VIVORS INSURANCE TRUST FUND.—With respect to each
10 individual for whom tax is increased under section
11 36C(c)(2), there are hereby appropriated to the Federal
12 Old Age and Survivors Trust Fund and the Disability In-
13 surance Trust Fund established under section 201 of the
14 Social Security Act amounts equal to the amount which
15 bears the same ratio to the amount of such increase as—

16 (1) the Federal payroll tax subsidy (as defined
17 in section 36C(c)(3)) of such individual for the tax-
18 able year, bears to

19 (2) the employer-provided health insurance tax
20 subsidy (as defined in such section) of the individual
21 for the taxable year.

22 (e) CLERICAL AMENDMENT.—The table of sections
23 for subpart C of part IV of subchapter A of chapter 1
24 of the Internal Revenue Code of 1986 is amended by in-

1 serting after the item relating to section 36B the following
 2 new item:

“Sec. 36C. Health insurance tax credit.”.

3 (f) **EFFECTIVE DATE.**—The amendments made by
 4 this section shall apply to taxable years beginning after
 5 December 31, 2023.

6 **SEC. 132. APPLICATION OF PORTION OF UNUSED TAX**
 7 **CREDITS BY STATES FOR INDIGENT HEALTH**
 8 **CARE.**

9 (a) **COMPUTATION OF UNUSED CREDITS.**—The Sec-
 10 retary, in consultation with the Secretary of the Treasury,
 11 shall calculate for each State for each year, beginning with
 12 2024, using the most recent data available —

13 (1) the maximum aggregate amount of credits
 14 under section 36C of the Internal Revenue Code of
 15 1986 that would have been allowed for the year for
 16 qualified residents of the State for taxable years
 17 ending in the year if all eligible qualified residents
 18 had qualified for such credits;

19 (2) the aggregate amount of credits under such
 20 section that were allowed for taxable years ending in
 21 the year by qualified residents of such State; and

22 (3) 25 percent of the amount by which—

23 (A) the amount determined under para-
 24 graph (1) with respect to qualified residents of
 25 the State for such year; exceeds

1 (B) the amount determined under para-
2 graph (2) for such State for that year.

3 (b) APPROPRIATION.—For the purpose of making
4 grants to States under this section, there is hereby appro-
5 priated to the Secretary, out of any funds in the Treasury
6 not otherwise appropriated, for each year (beginning with
7 2023) an amount equivalent to the amount determined
8 under subsection (a)(3) for all States under subsection (a)
9 for the year in which such fiscal year ends, subject to ad-
10 justment under subsection (d)(2).

11 (c) GRANTS TO STATES FOR INDIGENT ASSIST-
12 ANCE.—

13 (1) APPLICATION.—A State may file with the
14 Secretary (in a form and manner specified by the
15 Secretary) an application to provide assistance in
16 furnishing health services to indigent individuals re-
17 siding in the State. Such application shall dem-
18 onstrate the manner in which such assistance is fur-
19 nished in an equitable manner to individuals residing
20 in all parts of the State.

21 (2) AMOUNT OF FUNDS.—From the funds ap-
22 propriated under subsection (b) for a year, the
23 amount of funds paid to any State in any year
24 under this section with an application filed in ac-
25 cordance with paragraph (1) is equal to an amount

1 specified in the application, but not to exceed the
2 amount computed under subsection (a)(3) for the
3 State and the year.

4 (3) USE OF FUNDS.—Funds paid to a State
5 under this subsection may be used only to assist in
6 the furnishing of health services to uninsured indi-
7 viduals residing in the State or for purposes of in-
8 creasing the payment adjustments made under sec-
9 tions 1886(d)(5)(F) and 1923 of the Social Security
10 Act (42 U.S.C. 1395ww(d)(5)(F), 1396r-4) to hos-
11 pitals that serve a disproportionate share of such in-
12 dividuals in the State.

13 (d) INITIAL ESTIMATE; FINAL CALCULATION AND
14 RECONCILIATION.—

15 (1) USE OF ESTIMATES.—The calculations
16 under subsection (a) for a year shall initially be esti-
17 mated before the beginning of the year. Payments
18 under this section to a State for a year shall be
19 made, subject to reconciliation under paragraph (2),
20 based on the amount so estimated.

21 (2) RECONCILIATION BASED ON FINAL CAL-
22 CULATION.—The calculations under subsection (a)
23 for a year shall also be made after the end of the
24 year. Insofar as the amount calculated under this
25 paragraph for subsection (a)(3) for a State for a

1 year exceeds (or is less than) by a material amount
2 from the amount for subsection (a)(3) estimated and
3 applied for the State and year under paragraph (1),
4 the amount calculated under subsection (a)(3) for
5 the State for the 2nd year beginning after such year,
6 shall be reduced or increased, respectively by the
7 amount of such excess or deficit.

8 **SEC. 133. MEDICAID OPTION OF ENROLLMENT UNDER PRI-**
9 **VATE PLAN AND CONTRIBUTION TO AN HSA.**

10 (a) IN GENERAL.—Notwithstanding any other provi-
11 sion of law, a State plan under title XIX of the Social
12 Security Act (42 U.S.C. 1396 et seq.) may make available
13 to an individual, who is entitled to medical assistance for
14 a full range of acute care items and services under such
15 title and at the individual’s option, instead of the medical
16 assistance otherwise provided, medical assistance con-
17 sisting of coverage under a health plan that qualifies for
18 a tax credit under section 36C of the Internal Revenue
19 Code of 1986, but only if the State provides for the indi-
20 vidual medical assistance, in the form of a deposit into
21 a health savings account for the individual, an amount
22 equivalent to the amount by which the amount of tax cred-
23 it for the individual under such section exceeds the cost
24 of coverage of the individual under the plan.

1 (b) FFP TREATMENT.—The payments by a State de-
2 scribed in subsection (a) for coverage under a health plan
3 and for deposit into a health savings account shall be
4 treated as medical assistance for purposes of section 1903
5 of the Social Security Act (42 U.S.C. 1396b) and subject
6 to Federal financial participating, including the applica-
7 tion of State matching payments, in the same manner as
8 other medical assistance furnished under title XIX of such
9 Act, except that such amount shall be reduced by the
10 amount of any health insurance credits provided under
11 section 36C of the Internal Revenue Code of 1986 with
12 respect to such coverage or deposit.

13 **SEC. 134. REPEAL OF REPORTING REQUIREMENTS RELAT-**
14 **ING TO EMPLOYEE HEALTH INSURANCE PRE-**
15 **MIUMS AND HEALTH PLAN BENEFITS.**

16 (a) REPORTING REQUIREMENTS.—Section 6051(a)
17 of the Internal Revenue Code of 1986 is amended by strik-
18 ing paragraph (14) and by redesignating paragraphs (15),
19 (16), and (17) as paragraphs (14), (15), and (16), respec-
20 tively.

21 (b) EFFECTIVE DATES.—The amendment made by
22 this section shall apply to calendar years beginning after
23 December 31, 2018.

1 **SEC. 135. REPORT.**

2 For each year beginning on or after the date of the
3 enactment of this Act, the Secretary of Health and
4 Human Services shall submit to Congress a report on the
5 extent to which health insurance tax credits allowed under
6 section 36C of the Internal Revenue Code of 1986, as
7 added by this Act, are sufficient to cover the cost of health
8 insurance coverage for individuals electing to purchase
9 such coverage.

10 **Subtitle D—Medicare Reforms**

11 **SEC. 141. PHYSICIAN-OWNED HOSPITALS.**

12 The amendments made by section 6001 of Public
13 Law 111–148 are repealed and the provisions amended
14 by such section are restored as if such amendments had
15 never occurred.

16 **SEC. 142. PROHIBITING THE USE OF AN INPATIENT-ONLY**
17 **LIST IN DESIGNATING HOSPITAL OUT-**
18 **PATIENT SERVICES UNDER THE MEDICARE**
19 **PROGRAM.**

20 Section 1833(t)(1) of the Social Security Act (42
21 U.S.C. 1395l(t)(1)) is amended by adding at the end the
22 following new subparagraph:

23 “(C) PROHIBITION ON USE OF AN INPA-
24 TIENT-ONLY LIST.—In designating outpatient
25 hospital services pursuant to subparagraph
26 (B)(i), the Secretary may not refuse to so des-

1 location of a hospital facility (as defined in
2 such section 413.65(a)(2)).”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by paragraph (1) shall apply with respect to items
5 and services furnished on or after January 1, 2024.

6 (3) REMOVING SITE-NEUTRAL EXCEPTION FOR
7 OFF-CAMPUS EMERGENCY DEPARTMENTS.—Section
8 1833(t)(21)(A) of the Social Security Act (42
9 U.S.C. 1395l(t)(21)(A)) is amended by inserting
10 “before January 1, 2024” after “furnished”.

11 (4) CLARIFYING SECRETARIAL AUTHORITY TO
12 PROMOTE SITE-NEUTRAL PAYMENTS.—Section
13 1833(t)(2)(F) of the Social Security Act (42 U.S.C.
14 1395l(t)(2)(F)) is amended by adding at the end the
15 following new sentence: “Such method may include
16 actions determined appropriate by the Secretary to
17 promote site-neutral payment policies to reduce ex-
18 penditures attributable to items and services fur-
19 nished under this part, such as actions to prevent
20 hospitals from billing for items and services fur-
21 nished at an off-campus outpatient department of a
22 provider as if such items and services were furnished
23 at such hospital.”.

24 (b) ENSURING SEPARATE NPIs FOR OFF-CAMPUS
25 OUTPATIENT DEPARTMENTS OF A PROVIDER.—

1 (1) IN GENERAL.—Section 1173(b) of the So-
2 cial Security Act (42 U.S.C. 1320d–2(b)) is amend-
3 ed by adding at the end the following new para-
4 graph:

5 “(3) ENSURING SEPARATE NPIS FOR OFF-CAM-
6 PUS OUTPATIENT DEPARTMENTS OF A PROVIDER.—
7 The standards specified under paragraph (1) shall
8 ensure that, not later than January 1, 2024, each
9 off-campus outpatient department of a provider (as
10 defined in section 1833(t)(21)(B)) is assigned a sep-
11 arate unique health identifier from such provider.”.

12 (2) TREATMENT OF CERTAIN DEPARTMENTS AS
13 SUBPARTS OF A HOSPITAL.—Not later than January
14 1, 2024, the Secretary of Health and Human Serv-
15 ices shall revise sections 162.408 and 162.410 of
16 title 45, Code of Federal Regulations, to ensure that
17 each off-campus outpatient department of a provider
18 (as defined in section 1833(t)(21)(B) of the Social
19 Security Act (42 U.S.C. 1395l(t)(21)(B))) is treated
20 as a subpart (as described in such sections) of such
21 provider and assigned a unique health identifier pur-
22 suant to section 1173(b)(3) of such Act (as added
23 by paragraph (1)).

1 **SEC. 144. MEDICARE ADVANTAGE CONTRIBUTIONS TO**
2 **ROTH HSAS FOR CHRONICALLY ILL ENROLL-**
3 **EES.**

4 Section 1852(a)(3)(D) of the Social Security Act (42
5 U.S.C. 1395w-22(a)(3)(D)) is amended—

6 (1) by striking “are supplemental benefits” and
7 inserting the following: “are

8 “(aa) supplemental bene-
9 fits”;

10 (2) by striking the period at the end of item
11 (aa), as inserted by paragraph (1), and inserting “;
12 and”;

13 (3) by adding at the end the following new
14 item:

15 “(bb) deposits made to a
16 Roth HSA (as described in sec-
17 tion 530A of the Internal Rev-
18 enue Code of 1986) of a chron-
19 ically ill enrollee.”.

20 **SEC. 145. EXTENDING ACUTE HOSPITAL CARE AT HOME**
21 **WAIVER FLEXIBILITIES.**

22 Section 1812 of the Social Security Act (42 U.S.C.
23 1395d) is amended—

24 (1) by redesignating subsection (g) as sub-
25 section (h); and

1 (2) by inserting after subsection (f) the fol-
2 lowing new subsection:

3 “(g)(1) Beginning on the date of the enactment of
4 this subsection, inpatient hospital services or inpatient
5 critical access hospital services described in subsection
6 (a)(1) shall include services (including telehealth services
7 as defined in section 1834(m)) furnished to an individual
8 by an Acute Hospital Care at Home Program (as defined
9 by the Secretary).

10 “(2) With respect to telehealth services furnished by
11 an Acute Hospital Care at Home Program described in
12 paragraph (1), the requirements described in section
13 1834(m)(4)(C)(i) shall not apply and the sites described
14 in section 1834(m)(4)(C)(ii) shall include the home or
15 temporary residence of the individual.

16 “(3) With respect to services furnished in the home
17 or temporary residence of the individual through an Acute
18 Hospital Care at Home Program, the requirement for pro-
19 viding 24-hour nursing services and immediate availability
20 of nursing services as conditions of participation shall also
21 be satisfied by providing virtual access to nurses, advanced
22 practice providers, or physicians 24 hours per day.

23 “(4) With respect to services furnished in the home
24 or temporary residence of the individual through an Acute
25 Hospital Care at Home Program, life safety code require-

1 ments shall be deemed satisfied for homes or temporary
 2 residences determined to be safe and appropriate for this
 3 care by the Acute Hospital Care at Home Program.

4 “(5) Not later than 12 months after the date of the
 5 enactment of this subsection, the Secretary shall issue reg-
 6 ulations establishing health and safety requirements for
 7 Acute Hospital Care at Home Programs.”.

8 **TITLE II—IMPROVING HEALTH**
 9 **SAVINGS ACCOUNTS TO PRO-**
 10 **MOTE ACCOUNTABILITY**

11 **SEC. 201. TRANSITION TO NON-DEDUCTIBLE HSAS.**

12 (a) NON-DEDUCTIBLE HSAS.—Subchapter F of
 13 chapter 1 of the Internal Revenue Code of 1986 is amend-
 14 ed by adding at the end the following new part:

15 **“PART IX—ROTH HEALTH SAVINGS ACCOUNTS**

“Sec. 530A. Roth HSAs.

16 **“SEC. 530A. ROTH HSAS.**

17 “(a) IN GENERAL.—A Roth HSA shall be exempt
 18 from taxation under this subtitle. Notwithstanding the
 19 preceding sentence, the Roth HSA shall be subject to the
 20 taxes imposed by section 511 (relating to imposition of
 21 tax on unrelated business income of charitable organiza-
 22 tions). No deduction shall be allowed for any contribution
 23 to a Roth HSA.

24 “(b) DOLLAR LIMITATION.—

1 “(1) IN GENERAL.—The aggregate amount of
2 contributions for any taxable year to all Roth HSAs
3 maintained for the benefit of an individual shall not
4 exceed the sum of the monthly limitations for any
5 month during such taxable year that the individual
6 is an eligible individual.

7 “(2) MONTHLY LIMITATION.—The monthly lim-
8 itation for any month is $\frac{1}{12}$ of—

9 “(A) in the case of an eligible individual
10 who has self-only creditable coverage as of the
11 first day of such month, \$5,000, and

12 “(B) in the case of an eligible individual
13 who has family creditable coverage as of the
14 first day of such month, the amount in effect
15 under subparagraph (A) for the taxable year
16 multiplied by the number of individuals (includ-
17 ing the eligible individual) covered under such
18 family creditable coverage as of such day.

19 “(3) ADDITIONAL CONTRIBUTIONS FOR INDI-
20 VIDUALS 55 OR OLDER.—In the case of an individual
21 who has attained age 55 before the close of the tax-
22 able year, the applicable limitation under subpara-
23 graphs (A) and (B) of paragraph (2) shall be in-
24 creased by \$1,000.

1 “(4) COORDINATION WITH OTHER CONTRIBU-
2 TIONS.—The limitation which would (but for this
3 paragraph) apply under this subsection to an indi-
4 vidual for any taxable year shall be reduced (but not
5 below zero) by the sum of—

6 “(A) the aggregate amount paid for such
7 taxable year to Archer MSAs of such individual,

8 “(B) the aggregate amount contributed to
9 Roth HSAs of such individual which is exclud-
10 able from the taxpayer’s gross income for such
11 taxable year under section 106(d) (and such
12 amount shall not be allowed as a deduction
13 under subsection (a)), and

14 “(C) the aggregate amount contributed to
15 Roth HSAs of such individual for such taxable
16 year under section 408(d)(9) (and such amount
17 shall not be allowed as a deduction under sub-
18 section (a)).

19 Subparagraph (A) shall not apply with respect to
20 any individual to whom paragraph (5) applies.

21 “(5) SPECIAL RULE FOR MARRIED INDIVID-
22 UALS.—In the case of individuals who are married
23 to each other, if either spouse has family coverage—

24 “(A) both spouses shall be treated as hav-
25 ing only such family coverage (and if such

1 spouses each have family coverage under dif-
2 ferent plans, as having the family coverage with
3 the lowest annual deductible), and

4 “(B) the limitation under paragraph (1)
5 (after the application of subparagraph (A) and
6 without regard to any additional contribution
7 amount under paragraph (3))—

8 “(i) shall be reduced by the aggregate
9 amount paid to Archer MSAs of such
10 spouses for the taxable year, and

11 “(ii) after such reduction, shall be di-
12 vided equally between them unless they
13 agree on a different division.

14 “(6) DENIAL OF DEDUCTION TO DEPEND-
15 ENTS.—No contribution may be made to a Roth
16 HSA under this section by any individual with re-
17 spect to whom a deduction under section 151 is al-
18 lowable to another taxpayer for a taxable year begin-
19 ning in the calendar year in which such individual’s
20 taxable year begins.

21 “(7) INCREASE IN LIMIT FOR INDIVIDUALS BE-
22 COMING ELIGIBLE INDIVIDUALS AFTER THE BEGIN-
23 NING OF THE YEAR.—

24 “(A) IN GENERAL.—For purposes of com-
25 puting the limitation under paragraph (1) for

1 any taxable year, an individual who is an eligi-
2 ble individual during the last month of such
3 taxable year shall be treated—

4 “(i) as having been an eligible indi-
5 vidual during each of the months in such
6 taxable year, and

7 “(ii) as having been enrolled, during
8 each of the months such individual is
9 treated as an eligible individual solely by
10 reason of clause (i), in the same high de-
11 ductible health plan in which the individual
12 was enrolled for the last month of such
13 taxable year.

14 “(B) FAILURE TO MAINTAIN CREDITABLE
15 COVERAGE.—

16 “(i) IN GENERAL.—If, at any time
17 during the testing period, the individual is
18 not an eligible individual, then—

19 “(I) gross income of the indi-
20 vidual for the taxable year in which
21 occurs the first month in the testing
22 period for which such individual is not
23 an eligible individual is increased by
24 the aggregate amount of all contribu-
25 tions to the Roth HSA of the indi-

1 vidual which could not have been
2 made but for subparagraph (A), and

3 “(II) the tax imposed by this
4 chapter for any taxable year on the
5 individual shall be increased by 10
6 percent of the amount of such in-
7 crease.

8 “(ii) EXCEPTION FOR DISABILITY OR
9 DEATH.—Subclauses (I) and (II) of clause
10 (i) shall not apply if the individual ceased
11 to be an eligible individual by reason of the
12 death of the individual or the individual
13 becoming disabled (within the meaning of
14 section 72(m)(7)).

15 “(iii) TESTING PERIOD.—The term
16 ‘testing period’ means the period beginning
17 with the last month of the taxable year re-
18 ferred to in subparagraph (A) and ending
19 on the last day of the 12th month fol-
20 lowing such month.

21 “(c) ROTH HSA.—For purposes of this section—

22 “(1) IN GENERAL.—The term ‘Roth HSA’
23 means a trust created or organized in the United
24 States as a Roth HSA exclusively for the purpose of
25 paying the qualified medical expenses of the account

1 beneficiary, but only if the written governing instru-
2 ment creating the trust meets the following require-
3 ments:

4 “(A) Except in the case of a rollover con-
5 tribution described in subsection (f)(5) or sec-
6 tion 220(f)(5), no contribution will be accept-
7 ed—

8 “(i) unless it is in cash, or

9 “(ii) to the extent such contribution,
10 when added to previous contributions to
11 the trust for the calendar year, exceeds the
12 sum of—

13 “(I) the dollar amount in effect
14 under subsection (b)(2)(B), and

15 “(II) the dollar amount in effect
16 under subsection (b)(3).

17 “(B) The trustee is a bank (as defined in
18 section 408(n)), an insurance company (as de-
19 fined in section 816), or another person who
20 demonstrates to the satisfaction of the Sec-
21 retary that the manner in which such person
22 will administer the trust will be consistent with
23 the requirements of this section.

24 “(C) No part of the trust assets will be in-
25 vested in life insurance contracts.

1 “(D) The assets of the trust will not be
2 commingled with other property except in a
3 common trust fund or common investment
4 fund.

5 “(E) The interest of an individual in the
6 balance in his account is nonforfeitable.

7 “(2) QUALIFIED MEDICAL EXPENSES.—For
8 purposes of this section—

9 “(A) IN GENERAL.—The term ‘qualified
10 medical expenses’ means, with respect to an ac-
11 count beneficiary, amounts paid by such bene-
12 ficiary for medical care (as defined in section
13 213(d)) for such individual, the spouse of such
14 individual, and any dependent (as defined in
15 section 152, determined without regard to sub-
16 sections (b)(1), (b)(2), and (d)(1)(B) thereof)
17 of such individual, but only to the extent such
18 amounts are not compensated for by insurance
19 or otherwise.

20 “(B) LIMITATION ON HEALTH INSURANCE
21 PURCHASED FROM ACCOUNT.—Such term shall
22 not include any payment for health benefits cov-
23 erage that is not creditable coverage (as defined
24 in section 36C).

1 “(C) EXCEPTIONS.—Subparagraph (B)
2 shall not apply to any expense for coverage
3 under—

4 “(i) a health plan during any period
5 of continuation coverage required under
6 any Federal law,

7 “(ii) a qualified long-term care insur-
8 ance contract (as defined in section
9 7702B(b)),

10 “(iii) a health plan during a period in
11 which the individual is receiving unemploy-
12 ment compensation under any Federal or
13 State law, or

14 “(iv) in the case of an account bene-
15 ficiary who has attained the age specified
16 in section 1811 of the Social Security Act,
17 any health insurance other than a medi-
18 care supplemental policy (as defined in sec-
19 tion 1882 of the Social Security Act).

20 “(3) ACCOUNT BENEFICIARY.—The term ‘ac-
21 count beneficiary’ means the individual on whose be-
22 half the Roth HSA was established.

23 “(4) CERTAIN RULES TO APPLY.—Rules similar
24 to the following rules shall apply for purposes of this
25 section:

1 “(A) Section 219(f)(3) (relating to time
2 when contributions deemed made).

3 “(B) Except as provided in section 106(d),
4 section 219(f)(5) (relating to employer pay-
5 ments).

6 “(C) Section 408(g) (relating to commu-
7 nity property laws).

8 “(D) Section 408(h) (relating to custodial
9 accounts).

10 “(d) ELIGIBLE INDIVIDUAL; CREDITABLE COV-
11 ERAGE.—For purposes of this section—

12 “(1) ELIGIBLE INDIVIDUAL.—

13 “(A) IN GENERAL.—The term ‘eligible in-
14 dividual’ means, with respect to any month, any
15 individual if such individual is covered under
16 creditable coverage as of the first day of such
17 month.

18 “(B) EXCEPTION.—An individual shall not
19 be treated as an eligible individual for any
20 month for which a credit is determined with re-
21 spect to the individual under section 36B.

22 “(2) CREDITABLE COVERAGE.—The term ‘cred-
23 itable coverage’ shall have the meaning given such
24 term in section 36C(f).

25 “(e) TAX TREATMENT OF DISTRIBUTIONS.—

1 “(1) AMOUNTS USED FOR QUALIFIED MEDICAL
2 EXPENSES.—Any amount paid or distributed out of
3 a Roth HSA which is used exclusively to pay quali-
4 fied medical expenses of any account beneficiary
5 shall not be includible in gross income.

6 “(2) INCLUSION OF AMOUNTS NOT USED FOR
7 QUALIFIED MEDICAL EXPENSES.—Any amount paid
8 or distributed out of a Roth HSA which is not used
9 exclusively to pay the qualified medical expenses of
10 the account beneficiary shall be included in the gross
11 income of such beneficiary.

12 “(3) EXCESS CONTRIBUTIONS RETURNED BE-
13 FORE DUE DATE OF RETURN.—

14 “(A) IN GENERAL.—If any excess con-
15 tribution is contributed for a taxable year to
16 any Roth HSA of an individual, paragraph (2)
17 shall not apply to distributions from the Roth
18 HSAs of such individual (to the extent such dis-
19 tributions do not exceed the aggregate excess
20 contributions to all such accounts of such indi-
21 vidual for such year) if—

22 “(i) such distribution is received by
23 the individual on or before the last day
24 prescribed by law (including extensions of

1 time) for filing such individual’s return for
2 such taxable year, and

3 “(ii) such distribution is accompanied
4 by the amount of net income attributable
5 to such excess contribution.

6 Any net income described in clause (ii) shall be
7 included in the gross income of the individual
8 for the taxable year in which it is received.

9 “(B) EXCESS CONTRIBUTION.—For pur-
10 poses of subparagraph (A), the term ‘excess
11 contribution’ means any contribution (other
12 than a rollover contribution described in para-
13 graph (5) or section 220(f)(5)) which exceeds
14 the contribution limitation with respect to the
15 individual for the taxable year.

16 “(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT
17 USED FOR QUALIFIED MEDICAL EXPENSES.—

18 “(A) IN GENERAL.—The tax imposed by
19 this chapter on the account beneficiary for any
20 taxable year in which there is a payment or dis-
21 tribution from a Roth HSA of such beneficiary
22 which is includible in gross income under para-
23 graph (2) shall be increased by 10 percent of
24 the amount which is so includible.

1 “(B) EXCEPTION FOR DISABILITY OR
2 DEATH.—Subparagraph (A) shall not apply if
3 the payment or distribution is made after the
4 account beneficiary becomes disabled within the
5 meaning of section 72(m)(7) or dies.

6 “(C) EXCEPTION FOR DISTRIBUTIONS
7 AFTER MEDICARE ELIGIBILITY.—Subparagraph
8 (A) shall not apply to any payment or distribu-
9 tion after the date on which the account bene-
10 ficiary attains the age specified in section 1811
11 of the Social Security Act.

12 “(5) ROLLOVER CONTRIBUTION.—An amount is
13 described in this paragraph as a rollover contribu-
14 tion if it meets the requirements of subparagraphs
15 (A) and (B).

16 “(A) IN GENERAL.—Paragraph (2) shall
17 not apply to any amount paid or distributed
18 from a health savings account (as defined in
19 section 223) or a Roth HSA to the account
20 beneficiary to the extent the amount received is
21 paid into a Roth HSA for the benefit of such
22 beneficiary not later than the 60th day after
23 the day on which the beneficiary receives the
24 payment or distribution.

1 “(B) LIMITATION.—This paragraph shall
2 not apply to any amount described in subpara-
3 graph (A) received by an individual from a
4 health savings account or a Roth HSA if, at
5 any time during the 1-year period ending on the
6 day of such receipt, such individual received any
7 other amount described in subparagraph (A)
8 from a health savings account or Roth HSA
9 which was not includible in the individual’s
10 gross income because of the application of this
11 paragraph.

12 “(6) TRANSFER OF ACCOUNT INCIDENT TO DI-
13 VORCE.—The transfer of an individual’s interest in
14 a Roth HSA to an individual’s spouse or former
15 spouse under a divorce or separation instrument de-
16 scribed in subparagraph (A) of section 71(b)(2) shall
17 not be considered a taxable transfer made by such
18 individual notwithstanding any other provision of
19 this subtitle, and such interest shall, after such
20 transfer, be treated as a Roth HSA with respect to
21 which such spouse is the account beneficiary.

22 “(7) TREATMENT AFTER DEATH OF ACCOUNT
23 BENEFICIARY.—If an individual acquires an account
24 beneficiary’s interest in a health savings account by
25 reason of the death of the account beneficiary, such

1 health savings account shall be treated as if the indi-
2 vidual were the account beneficiary.

3 “(f) COST-OF-LIVING ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of any calendar
5 year beginning after 2024, the \$5,000 dollar amount
6 in subsection (b)(2) shall be increased by an amount
7 equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year, determined—

12 “(i) by substituting ‘calendar year
13 2023’ for ‘calendar year 1992’ in subpara-
14 graph (B) thereof, and

15 “(ii) by substituting ‘CPI medical care
16 component’ for ‘CPI’.

17 “(2) CPI MEDICAL CARE COMPONENT.—For
18 purposes of this paragraph, the term ‘CPI medical
19 care component’ means the medical care component
20 for the Consumer Price Index for All Urban Con-
21 sumers published by the Department of Labor.

22 “(3) ROUNDING.—If the amount of any in-
23 crease under the preceding sentence is not a mul-
24 tiple of \$50, such increase shall be rounded to the
25 next lowest multiple of \$50.

1 “(g) REPORTS.—The Secretary may require—

2 “(1) the trustee of a Roth HSA to make such
3 reports regarding such account to the Secretary and
4 to the account beneficiary with respect to contribu-
5 tions, distributions, the return of excess contribu-
6 tions, and such other matters as the Secretary deter-
7 mines appropriate, and

8 “(2) any person who provides an individual with
9 creditable coverage to make such reports to the Sec-
10 retary and to the account beneficiary with respect to
11 such plan as the Secretary determines appropriate.

12 The reports required by this subsection shall be filed at
13 such time and in such manner and furnished to such indi-
14 viduals at such time and in such manner as may be re-
15 quired by the Secretary.

16 “(h) CROSS-REFERENCE.—For contributions from
17 Medicare Advantage plans of chronically ill enrollees, see
18 section 1852(a)(3)(D)(ii)(I) of the Social Security Act.”.

19 (b) LIMIT ON CONTRIBUTIONS TO DEDUCTIBLE
20 HEALTH SAVINGS ACCOUNTS.—Section 223 of such Code
21 is amended by adding at the end the following new sub-
22 section:

23 “(i) LIMITED CONTRIBUTIONS AFTER 2023.—

1 “(1) IN GENERAL.—No contribution may be ac-
2 cepted by a health savings account after December
3 31, 2023.

4 “(2) EXCEPTIONS.—Paragraph (1) shall not
5 apply—

6 “(A) in the case of a rollover contribution
7 described in subsection (f)(5) or section
8 220(f)(5), or

9 “(B) in the case of a month for which an
10 individual is covered by insurance that con-
11 stitutes medical care and that is provided by an
12 employer with respect to which an election is in
13 effect for such month under section 131(b) of
14 the Health Care Fairness for All Act.”.

15 (c) CLERICAL AMENDMENT.—The table of parts for
16 subchapter F of chapter 1 of such Code is amended by
17 adding at the end the following new item:

 “PART IX. ROTH HEALTH SAVINGS ACCOUNTS”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2023.

21 **SEC. 202. ELIMINATION OF MEDICAL EXPENSE DEDUCTION.**

22 Section 213 of the Internal Revenue Code of 1986
23 is amended by adding at the end the following new sub-
24 section:

1 “(f) TERMINATION.—Except in the case of long-term
2 care premiums (as defined in subsection (d)(10)), sub-
3 section (a) shall not apply to any amounts paid during
4 any taxable year beginning after December 31, 2023.”.

5 **SEC. 203. TREATMENT OF HSA AFTER DEATH OF ACCOUNT**
6 **BENEFICIARY.**

7 (a) IN GENERAL.—Section 223(f)(8) of the Internal
8 Revenue Code of 1986 is amended to read as follows:

9 “(8) TREATMENT AFTER DEATH OF ACCOUNT
10 BENEFICIARY.—If an individual acquires an account
11 beneficiary’s interest in a health savings account by
12 reason of the death of the account beneficiary, such
13 health savings account shall be treated as if the indi-
14 vidual were the account beneficiary.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply with respect to interests acquired
17 after the date of the enactment of this Act.

18 **SEC. 204. TREATMENT OF DIRECT PATIENT CARE AR-**
19 **RANGEMENTS.**

20 (a) HSAs.—

21 (1) ROTH HSA.—Section 530A(c)(2)(A) of the
22 Internal Revenue Code of 1986, as added by section
23 201 of this Act, is amended by adding at the end
24 the following: “Such term shall include the payment
25 of a monthly or other prepaid amount for the fur-

1 nishing (or access to the furnishing) by a physician
2 or group of physicians of physician professional serv-
3 ices (and ancillary services).”.

4 (2) HSA.—Section 223(d)(2)(A) of such Code
5 is amended by adding at the end the following: “The
6 term ‘qualified medical expenses’ shall include the
7 payment of a monthly or other prepaid amount for
8 the furnishing (or access to the furnishing) by a
9 physician or group of physicians of physician profes-
10 sional services (and ancillary services).”.

11 (b) NOT TREATED AS HEALTH INSURANCE COV-
12 ERAGE.—

13 (1) IN GENERAL.—For purposes of title XXVII
14 of the Public Health Service Act (42 U.S.C. 300gg),
15 subtitle B of title I of the Employee Retirement and
16 Income Security Act of 1974 (29 U.S.C. 1021 et
17 seq.), Public Law 111–148, and this Act, the offer-
18 ing of direct patient care arrangements shall not be
19 treated as the offering of health insurance coverage
20 and shall not be subject to regulations as such cov-
21 erage under such Acts.

22 (2) DIRECT PATIENT CARE ARRANGEMENT DE-
23 FINED.—In this subsection, the term “direct patient
24 care arrangement” means the furnishing (or access
25 to the furnishing) by a physician or group of physi-

1 cians of physician professional services (and ancil-
2 lary services) in return for payment of a monthly or
3 other prepaid amount.

4 **TITLE III—STATE FLEXIBILITY**
5 **IN REGULATION OF HEALTH**
6 **INSURANCE COVERAGE**

7 **SEC. 301. STATE FLEXIBILITY IN REGULATION OF HEALTH**
8 **INSURANCE COVERAGE.**

9 (a) IN GENERAL.—States are given the flexibility
10 under section 122(b) to revise their regulations of the
11 health insurance marketplace, without regard to many of
12 the requirements imposed under Public Law 111–148, in
13 order to promote freedom of choice of affordable health
14 insurance coverage options offered outside of an Ex-
15 change.

16 (b) CONSTRUCTION.—Nothing in the Employee Re-
17 tirement and Income Security Act of 1974 (29 U.S.C.
18 1001 et seq.) or of any amendments made by the Health
19 Insurance Portability and Accountability Act of 1996
20 (Public Law 104–191) shall be interpreted as preventing
21 an employer from offering, or making an employer con-
22 tribution towards, individual health insurance coverage for
23 employees and dependent family members.

1 (c) ASSOCIATION HEALTH PLANS.—Nothing in this
 2 Act shall be construed as prohibiting the formation of as-
 3 sociation health plans (as defined under State law).

4 (d) HIGH-RISK POOLS.—Nothing in this Act shall be
 5 construed as prohibiting States from establishing pooling
 6 arrangements for high-risk individuals.

7 **TITLE IV—MEDICAID PAYMENT**
 8 **REFORM**

9 **SEC. 401. MEDICAID PAYMENT REFORM TO ENSURE EQUI-**
 10 **TABLE ACCESS TO CARE.**

11 (a) IN GENERAL.—Title XIX of the Social Security
 12 Act (42 U.S.C. 1396 et seq.) is amended by inserting after
 13 section 1903 the following section:

14 **“SEC. 1903A. REFORMED PAYMENT TO STATES.**

15 **“(a) REFORMED PAYMENT SYSTEM.—**

16 **“(1) IN GENERAL.—**For quarters beginning on
 17 or after the implementation date (as defined in sub-
 18 section (k)(1)), in lieu of amounts otherwise payable
 19 to a State under this title (including any payments
 20 attributable to section 1923), except as otherwise
 21 provided in this section, the amount payable to such
 22 State shall be equal to the sum of the following:

23 **“(A) ADJUSTED AGGREGATE BENE-**
 24 **FICIARY-BASED AMOUNT.—**The aggregate bene-
 25 ficiary-based amount specified in subsection (b)

1 for the quarter and the State, adjusted under
2 subsection (e).

3 “(B) CHRONIC CARE QUALITY BONUS.—
4 The amount (if any) of the chronic care quality
5 bonus payment specified in subsection (f) for
6 the quarter for the State.

7 “(2) REQUIREMENT OF STATE SHARE.—

8 “(A) IN GENERAL.—A State shall make,
9 from non-Federal funds, expenditures in an
10 amount equal to its State share (as determined
11 under subparagraph (B)) for a quarter for
12 items, services, and other costs for which, but
13 for paragraph (1), Federal funds would have
14 been payable under this title.

15 “(B) STATE SHARE.—The State share for
16 a State for a quarter in a fiscal year is equal
17 to the product of—

18 “(i) the aggregate beneficiary-based
19 amount specified in subsection (b) for the
20 quarter and the State; and

21 “(ii) the ratio of—

22 “(I) the State percentage de-
23 scribed in subparagraph (D)(ii) for
24 such State and fiscal year; to

1 “(II) the Federal percentage de-
2 scribed in subparagraph (D)(i) for
3 such State and fiscal year.

4 “(C) NONPAYMENT FOR FAILURE TO PAY
5 STATE SHARE.—

6 “(i) IN GENERAL.—If a State fails to
7 expend the amount required under sub-
8 paragraph (A) for a quarter in a fiscal
9 year, the amount payable to the State
10 under paragraph (1) shall be reduced by
11 the product of the amount by which the
12 State payment is less than the State share
13 and the ratio of—

14 “(I) the Federal percentage de-
15 scribed in subparagraph (D)(i) for
16 such State and fiscal year; to

17 “(II) the State percentage de-
18 scribed in subparagraph (D)(ii) for
19 such State and fiscal year.

20 “(ii) GRACE PERIOD.—A State shall
21 not be considered to have failed to provide
22 payment of its required State share for a
23 quarter under subparagraph (A) if the ag-
24 gregate State payment towards the State’s
25 required State share for the 4-quarter pe-

1 riod beginning with such quarter exceeds
2 the required State share amount for such
3 4-quarter period.

4 “(D) FEDERAL AND STATE PERCENT-
5 AGES.—In this paragraph, with respect to a
6 State and a fiscal year:

7 “(i) FEDERAL PERCENTAGE.—The
8 Federal percentage described in this clause
9 is 75 percent or, if higher, the Federal
10 medical assistance percentage for such
11 State for such fiscal year.

12 “(ii) STATE PERCENTAGE.—The State
13 percentage described in this clause is 100
14 percent minus the Federal percentage de-
15 scribed in clause (i).

16 “(E) RULES FOR CREDITING TOWARD
17 STATE SHARE.—

18 “(i) GENERAL LIMITATION TO MATCH-
19 ABLE EXPENDITURES.—A payment for ex-
20 penditures shall not be counted toward the
21 State share under subparagraph (A) unless
22 Federal payments may be used for such
23 expenditures consistent with paragraph
24 (3)(B).

1 “(ii) FURTHER LIMITATIONS ON AL-
2 LOWABLE EXPENDITURES.—A payment for
3 expenditures shall not be counted towards
4 the State share under subparagraph (A) if
5 the expenditure is for any of the following:

6 “(I) ABORTION.—Expenditures
7 for an abortion.

8 “(II) INTERGOVERNMENTAL
9 TRANSFERS.—An expenditure that is
10 attributable to an intergovernmental
11 transfer.

12 “(III) CERTIFIED PUBLIC EX-
13 PENDITURES.—An expenditure that is
14 attributable to certified public expend-
15 itures.

16 “(iii) CREDITING FRAUD AND ABUSE
17 RECOVERIES.—Amounts recovered by a
18 State through the operation of its Medicaid
19 fraud and abuse control unit described in
20 section 1903(q) shall be fully counted to-
21 ward the State share under subparagraph
22 (A).

23 “(F) CONSTRUCTION.—Nothing in the
24 paragraph shall be construed as preventing a
25 State from expending, from non-Federal funds,

1 an amount under this title in excess of the
2 amount of the State share.

3 “(G) DETERMINATION BASED UPON SUB-
4 MITTED CLAIMS.—In applying this paragraph
5 with respect to expenditures of a State for a
6 quarter, the determination of the expenditures
7 for such State for such quarter shall be made
8 after the end of the period (which, as of the
9 date of the enactment of this section, is 2
10 years) for which the Secretary accepts claims
11 for payment under this title with respect to
12 such quarter.

13 “(3) USE OF FEDERAL PAYMENTS.—

14 “(A) APPLICATION OF MEDICAID LIMITA-
15 TIONS.—A State may only use Federal pay-
16 ments received under subsection (a) for expend-
17 itures for which Federal funds would have been
18 payable under this title but for this section.

19 “(B) LIMITATION FOR CERTAIN ELIGI-
20 BLES.—

21 “(i) APPLICATION OF 100 PERCENT
22 FEDERAL POVERTY LINE LIMIT ON ELIGI-
23 BILITY.—Subject to clause (iii), a State
24 may not use such Federal payments to
25 provide medical assistance for an indi-

1 vidual who has an income (as determined
2 under clause (ii)) that exceeds 100 percent
3 of the poverty line (as defined in section
4 2110(c)(5)) applicable to a family of the
5 size involved.

6 “(ii) DETERMINATION OF INCOME
7 USING MODIFIED ADJUSTED GROSS IN-
8 COME WITHOUT ANY 5 PERCENT IN-
9 CREASE.—In determining income for pur-
10 poses of clause (i) under section
11 1902(e)(14) (relating to modified adjusted
12 gross income), the following rules shall
13 apply:

14 “(I) APPLICATION OF SPEND
15 DOWN.—The State shall take into ac-
16 count the costs incurred for medical
17 care or for any other type of remedial
18 care recognized under State law in the
19 same manner and to the same extent
20 that such State takes such costs into
21 account for purposes of section
22 1902(a)(17).

23 “(II) DISREGARD OF 5 PERCENT
24 INCREASE.—Subparagraph (I) of sec-

1 tion 1902(e)(14) (relating to a 5 per-
2 cent reduction) shall not apply.

3 “(iii) EXCEPTION.—Clause (i) shall
4 not apply to an individual who is—

5 “(I) a woman described in clause
6 (i) of section 1903(v)(4)(A);

7 “(II) a child who is an individual
8 described in clause (i) of section
9 1905(a);

10 “(III) enrolled in a State plan
11 under this title as of the date of the
12 enactment of this section for the pe-
13 riod of continuous enrollment; or

14 “(IV) described in section
15 1902(e)(14)(D) (relating to modified
16 adjusted gross income).

17 “(iv) CLARIFICATION RELATED TO
18 COMMUNITY SPOUSE.—Nothing in this
19 subparagraph shall supersede the applica-
20 tion of section 1924 (related to community
21 spouse income and assets).

22 “(4) EXCEPTIONS FOR PASS-THROUGH PAY-
23 MENTS.—

24 “(A) IN GENERAL.—Paragraph (1) shall
25 not apply, and amounts shall continue to be

1 payable under this title (and not under sub-
2 section (a)), in the case of the following pay-
3 ments (and related administrative costs and ex-
4 penditures):

5 “(i) PAYMENTS TO TERRITORIES.—

6 Payments to a State other than the 50
7 States and the District of Columbia.

8 “(ii) MEDICARE COST SHARING.—

9 Payments attributable to Medicare cost
10 sharing under section 1905(p).

11 “(iii) PEDIATRIC VACCINES.—Pay-

12 ments attributable to section 1928.

13 “(iv) EMERGENCY SERVICES FOR CER-

14 TAIN INDIVIDUALS.—Payments for treat-
15 ment of emergency medical conditions at-
16 tributable to the application of section
17 1903(v)(2).

18 “(v) INDIAN HEALTH CARE FACILI-

19 TIES.—Payments for medical assistance
20 described in the third sentence of section
21 1905(b).

22 “(vi) EMPLOYER-SPONSORED INSUR-

23 ANCE (ESI).—Payments for medical assist-
24 ance attributable to payments to employers

1 for employer-sponsored health benefits cov-
2 erage.

3 “(vii) OTHER POPULATIONS WITH
4 LIMITED BENEFIT COVERAGE.—Other pay-
5 ments that are determined by the Sec-
6 retary to be related to a specified popu-
7 lation for which the medical assistance
8 under this title is limited and does not in-
9 clude any inpatient, nursing facility, or
10 long-term care services.

11 “(B) CERTAIN EXPENSES.—Paragraph (1)
12 shall not apply, and amounts shall continue to
13 be payable under this title (and not under sub-
14 section (a)), in the case of the following:

15 “(i) ADMINISTRATION OF MEDICARE
16 PRESCRIPTION DRUG BENEFIT.—Expendi-
17 tures described in section 1935(b) (relating
18 to administration of the Medicare prescrip-
19 tion drug benefit).

20 “(ii) PAYMENTS FOR HIT BONUSES.—
21 Payments under section 1903(a)(3)(F) (re-
22 lating to payments to encourage the adop-
23 tion and use of certified EHR technology).

24 “(iii) PAYMENTS FOR DESIGN, DEVEL-
25 OPMENT, AND INSTALLATION OF MMIS AND

1 ELIGIBILITY SYSTEMS.—Payments under
2 subparagraphs (A)(i) and (H)(i) of section
3 1903(a)(3) for expenditures for design, de-
4 velopment, and installation of the Medicaid
5 management information systems and
6 mechanized verification and information
7 retrieval systems (related to eligibility).

8 “(5) PAYMENT OF AMOUNTS.—

9 “(A) IN GENERAL.—Except as the Sec-
10 retary may otherwise provide, amounts shall be
11 payable to a State under subsection (a) in the
12 same manner as amounts are payable under
13 subsection (d) of section 1903 to a State under
14 subsection (a) of such section.

15 “(B) INFORMATION AND FORMS.—

16 “(i) SUBMISSION.—As a condition of
17 receiving payment under subsection (a), a
18 State shall submit such information, in
19 such form, and manner, as the Secretary
20 shall specify, including information nec-
21 essary to make the computations under
22 subsections (c)(2)(C) and (e).

23 “(ii) UNIFORM REPORTING.—The
24 Secretary shall develop such forms as may
25 be needed to assure a system of uniform

1 reporting of such information across
2 States.

3 “(C) REQUIRED REPORTING OF INFORMA-
4 TION ON MEDICAL LOSS RATIOS FOR MANAGED
5 CARE.—The information required to be reported
6 under subparagraph (B)(i) shall include infor-
7 mation on the medical loss ratio with respect to
8 coverage provided under each Medicaid man-
9 aged care plan with a contract with the State
10 under section 1903(m) or 1932.

11 “(b) AGGREGATE BENEFICIARY-BASED AMOUNT.—

12 “(1) IN GENERAL.—The aggregate beneficiary-
13 based amount specified in this subsection for a State
14 for a quarter is equal to the sum of the products,
15 for each of the categories of Medicaid beneficiaries
16 specified in paragraph (2), of the following:

17 “(A) BENEFICIARY-BASED QUARTERLY
18 AMOUNT.—The beneficiary-based quarterly
19 amount for such category computed under sub-
20 section (c) for such State for such quarter.

21 “(B) NUMBER OF INDIVIDUALS IN CAT-
22 EGORY.—Subject to subsection (d), the average
23 number of Medicaid beneficiaries enrolled in
24 such category in the State in such quarter.

1 “(2) CATEGORIES.—The categories specified in
2 this paragraph are the following:

3 “(A) ELDERLY.—A category of Medicaid
4 beneficiaries who are 65 years of age or older.

5 “(B) BLIND OR DISABLED.—A category of
6 Medicaid beneficiaries not described in subpara-
7 graph (A) who are described in section
8 1937(a)(2)(B)(ii).

9 “(C) CHILDREN.—A category of Medicaid
10 beneficiaries not described in subparagraph (B)
11 who are under 21 years of age.

12 “(D) OTHER ADULTS.—A category of any
13 Medicaid beneficiaries who are not described in
14 a previous subparagraph of this paragraph.

15 “(e) COMPUTATION OF PER BENEFICIARY, PER CAT-
16 EGORY QUARTERLY AMOUNT.—

17 “(1) IN GENERAL.—For a State, for each cat-
18 egory of beneficiary for a quarter—

19 “(A) FIRST REFORM YEAR.—For quarters
20 in the first reform year (as defined in sub-
21 section (k)(2)), the beneficiary-based quarterly
22 amount is equal to $\frac{1}{4}$ of the base average per
23 beneficiary Federal payments for such State for
24 such category determined under paragraph (2),

1 increased by a factor that reflects the sum of
2 the following:

3 “(i) HISTORICAL MEDICAL CARE COM-
4 PONENT OF CPI THROUGH PREVIOUS RE-
5 FORM YEAR.—The percentage increase in
6 the historical medical care component of
7 the Consumer Price Index for all urban
8 consumers (U.S. city average) from the
9 midpoint of the base fiscal year (as defined
10 in paragraph (6)) to the midpoint of the
11 fiscal year preceding the first reform year.

12 “(ii) PROJECTED MEDICAL CARE COM-
13 PONENT OF CPI FOR THE FIRST REFORM
14 YEAR.—The percentage increase in the
15 projected medical care component of the
16 Consumer Price Index for all urban con-
17 sumers (U.S. city average) from the mid-
18 point of the previous fiscal year referred to
19 in clause (i) to the midpoint of the first re-
20 form year.

21 “(B) SECOND AND THIRD REFORM
22 YEARS.—The beneficiary-based quarterly
23 amount for a State for a category for quarters
24 in the second reform year or the third reform
25 year is equal to the beneficiary-based quarterly

1 amount under this paragraph for such State
2 and category for the previous reform year in-
3 creased by the per beneficiary percentage in-
4 crease (as defined in subparagraph (E)) for
5 such category and reform year.

6 “(C) FOURTH THROUGH TENTH REFORM
7 YEARS.—The beneficiary-based quarterly
8 amount for a State for a category for quarters
9 in a reform year beginning with the fourth re-
10 form year and ending with the tenth reform
11 year is—

12 “(i) in the case of a State that is a
13 high per beneficiary State or a low per
14 beneficiary State (as defined in paragraph
15 (4)(B)(iii)) for the category, the amount
16 determined under clause (i) or (ii) of para-
17 graph (4)(B) for such State, category, and
18 reform year; or

19 “(ii) in the case of any other State,
20 the beneficiary-based quarterly amount
21 under this paragraph for such State and
22 category for the previous reform year in-
23 creased by the per beneficiary percentage
24 increase for such category and reform
25 year.

1 “(D) ELEVENTH REFORM YEAR AND SUB-
2 SEQUENT REFORM YEARS.—The beneficiary-
3 based quarterly amount for a State for a cat-
4 egory for quarters in a reform year beginning
5 with the eleventh reform year is equal to the
6 beneficiary-based quarterly amount under this
7 paragraph for such State and category for the
8 previous reform year increased by the per bene-
9 ficiary percentage increase for such category
10 and reform year.

11 “(E) ANNUAL PERCENTAGE INCREASE BE-
12 GINNING WITH SECOND REFORM YEAR.—For
13 purposes of this subsection, the term ‘per bene-
14 ficiary percentage increase’ means, for a reform
15 year, the sum of—

16 “(i) the projected percentage change
17 in nominal gross domestic product from
18 the midpoint of the previous reform year to
19 the midpoint of the reform year for which
20 the percentage increase is being applied;
21 and

22 “(ii) one percentage point.

23 “(2) BASE PER BENEFICIARY, PER CATEGORY
24 AMOUNT FOR EACH STATE.—

25 “(A) AVERAGE PER CATEGORY.—

1 “(i) IN GENERAL.—The Secretary
2 shall determine, consistent with this para-
3 graph and paragraph (3), a base per bene-
4 ficiary, per category amount for each of
5 the 50 States and the District of Columbia
6 equal to the average amount, per Medicaid
7 beneficiary, of Federal payments under
8 this title, including payments attributable
9 to disproportionate share hospital pay-
10 ments under section 1923, for each of the
11 categories of beneficiaries under subsection
12 (b)(2) for the base fiscal year for each of
13 the 50 States and the District of Colum-
14 bia.

15 “(ii) BEST AVAILABLE DATA.—The
16 determination under clause (i) shall ini-
17 tially be estimated by the Secretary, based
18 upon the best available data at the time
19 the determination is made.

20 “(iii) UPDATES.—The determination
21 under clause (i) shall be updated by the
22 Secretary on an annual basis based upon
23 improved data. The Secretary shall adjust
24 the amounts under subsection (a)(1)(A) to

1 reflect changes in the amounts so deter-
2 mined based on such updates.

3 “(B) EXCLUSION OF PASS-THROUGH PAY-
4 MENTS.—In computing base per beneficiary,
5 per category amounts under subparagraph
6 (A)(i) the Secretary shall exclude payments de-
7 scribed in subsection (a)(4).

8 “(C) STANDARDIZATION.—

9 “(i) IN GENERAL.—In computing each
10 such amount, the Secretary shall stand-
11 ardize the amount in order to remove the
12 variation attributable to the following:

13 “(I) RISK FACTORS.—Such risk
14 factors as age, health and disability
15 status (including high cost medical
16 conditions), gender, institutional sta-
17 tus, and such other factors as the
18 Secretary determines to be appro-
19 priate, so as to ensure actuarial
20 equivalence.

21 “(II) GEOGRAPHIC.—Variations
22 in costs on a county-by-county basis.

23 “(ii) METHOD OF STANDARDIZA-
24 TION.—

1 “(I) CONSULTATION IN DEVEL-
2 OPMENT OF RISK STANDARDIZA-
3 TION.—In developing the methodology
4 for risk standardization for purposes
5 of clause (i)(I), the Secretary shall
6 consult with the Medicaid and CHIP
7 Payment and Access Commission, the
8 Medicare Payment Advisory Commis-
9 sion, and the National Association of
10 Medicaid Directors.

11 “(II) METHOD FOR RISK STAND-
12 ARDIZATION.—In carrying out clause
13 (i)(I), the Secretary may apply the
14 hierarchal condition category method-
15 ology under section 1853(a)(1)(C). If
16 the Secretary uses such methodology,
17 the Secretary shall adjust the applica-
18 tion of such methodology to take into
19 account the differences in services
20 provided under this title compared to
21 title XVIII, such as the coverage of
22 long term care, pregnancy, and pedi-
23 atric services.

24 “(III) METHOD FOR GEOGRAPHIC
25 STANDARDIZATION.—The Secretary

1 shall apply the standardization under
2 clause (i)(II) in a manner similar to
3 that applied under section
4 1853(e)(4)(A)(iii).

5 “(iii) APPLICATION ON A NATIONAL,
6 BUDGET NEUTRAL BASIS.—The standard-
7 ization under clause (i) shall be designed
8 and implemented on a uniform national
9 basis and shall be budget neutral so as to
10 not result in any aggregate change in pay-
11 ments under subsection (a).

12 “(iv) RESPONSE TO NEW RISK.—Sub-
13 ject to clause (iii), the Secretary may ad-
14 just the standardization under clause (i) to
15 respond promptly to new instances of com-
16 municable diseases and other public health
17 hazards.

18 “(v) REFERENCE TO APPLICATION OF
19 RISK ADJUSTMENT.—For rules related to
20 the application of risk adjustment to
21 amounts under subsection (a)(1)(A), see
22 subsection (e).

23 “(D) ADJUSTMENT FOR TEMPORARY FMAP
24 INCREASES.—In computing each base per bene-
25 ficiary, per category amounts under subpara-

1 graph (A)(i) the Secretary shall disregard por-
2 tions of payments that are attributable to a
3 temporary increase in the Federal matching
4 rates, including those attributable to the fol-
5 lowing:

6 “(i) PUBLIC LAW 111–148 DISASTER
7 FMAP.—Section 1905(aa).

8 “(ii) ARRA.—Section 5001 of the
9 American Recovery and Reinvestment Act
10 of 2009 (42 U.S.C. 1396d note).

11 “(iii) EXTRAORDINARY EMPLOYER
12 PENSION CONTRIBUTION.—Section 614 of
13 the Children’s Health Insurance Program
14 Reauthorization Act of 2009 (42 U.S.C.
15 1396d note).

16 “(3) ALLOCATION OF NONMEDICAL ASSISTANCE
17 PAYMENTS.—The Secretary shall establish rules for
18 the allocation of payments under this title (other
19 than those payments described in paragraph (1) or
20 (5) of section 1903(a) and including such payments
21 attributable to section 1923)—

22 “(A) among different categories of bene-
23 ficiaries; and

1 “(B) between payments included under
2 subsection (a)(1) and payments described in
3 subsection (a)(4).

4 “(4) TRANSITION TO A CORRIDOR AROUND THE
5 NATIONAL AVERAGE.—

6 “(A) DETERMINATION OF NATIONAL AVER-
7 AGE BASE PER BENEFICIARY, PER CATEGORY
8 AMOUNT.—Subject to subparagraph (C), the
9 Secretary shall determine a national average
10 base per beneficiary, per category amount equal
11 to the average of the base per beneficiary, per
12 category amounts for each of the 50 States and
13 the District of Columbia determined under
14 paragraph (2), weighted by the average number
15 of beneficiaries in each such category and State
16 as determined by the Secretary consistent with
17 subsection (d) for the base fiscal year.

18 “(B) TRANSITION ADJUSTMENT.—

19 “(i) HIGH PER BENEFICIARY
20 STATES.—In the case of a high per bene-
21 ficiary State (as defined in clause (iii)(I))
22 for a category, the beneficiary-based quar-
23 terly amount for such State and category
24 for a quarter in a reform year (beginning
25 with the fourth reform year and ending

1 with the tenth reform year) is equal to the
2 sum of—

3 “(I) the product of the State-spe-
4 cific factor for such reform year (as
5 defined in clause (iv)) and the bene-
6 ficiary-based quarterly amount that
7 would otherwise be determined under
8 paragraph (1) for such State and cat-
9 egory if the State were a State de-
10 scribed in clause (ii) of paragraph
11 (1)(C), instead of a State described in
12 clause (i) of such paragraph; and

13 “(II) the product of 1 minus the
14 State-specific factor for such reform
15 year and the beneficiary-based quar-
16 terly amount that would otherwise be
17 determined under paragraph (1) for a
18 State and category if the base per
19 beneficiary, per category amount de-
20 termined under paragraph (2) for the
21 State and category were equal to 110
22 percent of the national average base
23 per beneficiary, per category amount
24 determined under subparagraph (A)
25 for such category.

1 “(ii) LOW PER BENEFICIARY
2 STATES.—In the case of a low per bene-
3 ficiary State (as defined in clause (iii)(II))
4 for a category, the beneficiary-based quar-
5 terly amount for such State and category
6 for a quarter in a reform year (beginning
7 with the fourth reform year and ending
8 with the tenth reform year) is equal to the
9 sum of—

10 “(I) the product of the State-spe-
11 cific factor for such reform year and
12 the beneficiary-based quarterly
13 amount that would otherwise be deter-
14 mined under paragraph (1) for such
15 State and category if the State were
16 a State described in clause (ii) of
17 paragraph (1)(C), instead of a State
18 described in clause (i) of such para-
19 graph; and

20 “(II) the product of 1 minus the
21 State-specific factor for such reform
22 year and the beneficiary-based quar-
23 terly amount that would otherwise be
24 determined under paragraph (1) for a
25 State and category if the base per

1 beneficiary, per category amount de-
2 termined under paragraph (2) for the
3 State and category were equal to 90
4 percent of the national average base
5 per beneficiary, per category amount
6 determined under subparagraph (A)
7 for such category.

8 “(iii) HIGH AND LOW PER BENE-
9 FICIARY STATES DEFINED.—In this sub-
10 paragraph:

11 “(I) HIGH PER BENEFICIARY
12 STATE.—The term ‘high per bene-
13 ficiary State’ means, with respect to a
14 category, a State for which the base
15 per beneficiary, per category amount
16 determined under paragraph (2) for
17 such category is greater than 110 per-
18 cent of the national average base per
19 beneficiary, per category amount de-
20 termined under subparagraph (A) for
21 such category.

22 “(II) LOW PER BENEFICIARY
23 STATE.—The term ‘low per bene-
24 ficiary State’ means, with respect to a
25 category, a State for which the base

1 per beneficiary, per category amount
2 determined under paragraph (2) for
3 such category is less than 90 percent
4 of the national average base per bene-
5 ficiary, per category amount deter-
6 mined under subparagraph (A) for
7 such category.

8 “(iv) STATE-SPECIFIC FACTOR.—In
9 this subparagraph, the term ‘State-specific
10 factor’ means—

11 “(I) for the fourth reform year,
12 $\frac{7}{8}$; and

13 “(II) for a subsequent reform
14 year, the State-specific factor under
15 this clause for the previous reform
16 year minus $\frac{1}{8}$.

17 “(C) NO ADDITIONAL EXPENDITURES.—

18 “(i) DETERMINATION OF INCREASE IN
19 FEDERAL EXPENDITURES.—For each cat-
20 egory for each reform year (beginning with
21 the fourth reform year and ending with the
22 tenth reform year), the Secretary shall de-
23 termine whether the application of this
24 paragraph—

1 “(I) to the category for the re-
2 form year will result in an aggregate
3 increase in the aggregate Federal ex-
4 penditures under subsection (a); and

5 “(II) to all the categories for the
6 reform year will result in a net aggre-
7 gate increase in the aggregate Federal
8 expenditures under subsection (a).

9 “(ii) ADJUSTMENT.—If the Secretary
10 determines under clause (i)(II) that the
11 application of this paragraph to all the cat-
12 egories for a reform year will result in a
13 net aggregate increase in the aggregate
14 Federal expenditures under subsection (a),
15 the Secretary shall reduce the national av-
16 erage base per beneficiary, per category
17 amount computed under subparagraph (A)
18 for each of the categories determined
19 under clause (i)(I) for which there will be
20 an aggregate increase in the aggregate
21 Federal expenditures under subsection (a)
22 by such uniform percentage as will ensure
23 that there is no net aggregate Federal ex-
24 penditure increase described in clause
25 (i)(II) for the reform year.

1 “(5) REPORTS ON PER BENEFICIARY RATES;
2 APPEALS.—

3 “(A) REPORT TO STATES.—Not later than
4 8 months after the date of the enactment of
5 this section, the Secretary shall submit to each
6 State the Secretary’s initial determination of—

7 “(i) the base per beneficiary, per cat-
8 egory amounts under paragraph (2) for
9 such State; and

10 “(ii) the national average base per
11 beneficiary, per category amounts under
12 paragraph (4)(A).

13 “(B) OPPORTUNITY TO APPEAL.—Not
14 later than 3 months after the date a State re-
15 ceives notice of the Secretary’s initial deter-
16 mination of such base per beneficiary, per cat-
17 egory amounts for such State under subpara-
18 graph (A)(i), the State may file with the Sec-
19 retary, in a form and manner specified by the
20 Secretary, an appeal of such determination.

21 “(C) DETERMINATION ON APPEAL.—Not
22 later than 3 months after receiving such an ap-
23 peal, the Secretary shall make a final deter-
24 mination on such amounts for such State. If no
25 such appeal is received for a State, the Sec-

1 retary’s initial determination under subpara-
2 graph (A)(i) shall become final.

3 “(6) BASE FISCAL YEAR DEFINED.—In this
4 section, the term ‘base fiscal year’ means the latest
5 fiscal year, ending before the date of the enactment
6 of this section, for which the Secretary determines
7 that adequate data are available to make the com-
8 putations required under this subsection.

9 “(d) NOT COUNTING INDIVIDUALS TO ACCOUNT FOR
10 EXCLUDED PAYMENTS.—Under rules specified by the
11 Secretary, individuals shall not be counted as Medicaid
12 beneficiaries for purposes of subsection (b)(1)(B) and sub-
13 section (c)(2)(A) in proportion to the extent that such in-
14 dividuals are receiving medical assistance for which pay-
15 ments described under subsection (a)(4)(A) are made.

16 “(e) RISK ADJUSTMENT.—

17 “(1) IN GENERAL.—The amount under sub-
18 section (a)(1)(A) shall be adjusted under this sub-
19 section in an appropriate manner, specified by the
20 Secretary and consistent with paragraph (2), to take
21 into account—

22 “(A) the factors described in subsection
23 (c)(2)(C)(i)(I) within a category of bene-
24 ficiaries; and

1 “(B) variations in costs on a county-by-
2 county basis for medical assistance and admin-
3 istrative expenses.

4 “(2) METHOD OF ADJUSTMENT.—

5 “(A) IN GENERAL.—The adjustments
6 under paragraph (1) shall be made in a manner
7 similar to the manner in which similar adjust-
8 ments are made under subsection (c)(2)(C) and
9 consistent with the requirements of clause (iii)
10 of such subsection and subparagraph (B).

11 “(B) BIENNIAL UPDATE OF RISK ADJUST-
12 MENT METHODOLOGY.—In applying clause
13 (i)(I) of subsection (c)(2)(C) for purposes of
14 subparagraph (A), the Secretary shall, in con-
15 sultation with the entities described in clause
16 (ii)(I) of such subsection, update the risk ad-
17 justment methodology applied as appropriate
18 not less often than every 2 years.

19 “(f) CHRONIC CARE QUALITY BONUS PAYMENTS.—

20 “(1) DETERMINATION OF BONUS PAYMENTS.—

21 If the Secretary determines that, based on the re-
22 ports under paragraph (5), with respect to cat-
23 egories of chronic disease for which chronic care per-
24 formance targets had been established under para-
25 graph (3) for each category of Medicaid beneficiaries

1 specified under subsection (b)(2) such targets have
2 been met by a State for a reform year, the Secretary
3 shall make an additional payment to such State in
4 the amount specified in paragraph (6) for each quar-
5 ter in the succeeding reform year. Such payments
6 shall be made in a manner specified by the Secretary
7 and may only be used consistent with subsection
8 (a)(3).

9 “(2) IDENTIFICATION OF CATEGORIES OF
10 CHRONIC DISEASE.—The Secretary shall determine
11 the categories of chronic disease for which bonus
12 payments may be available under this subsection for
13 each category of Medicaid beneficiaries.

14 “(3) ADOPTION OF QUALITY MEASUREMENT
15 SYSTEM AND IDENTIFICATION OF PERFORMANCE
16 TARGETS.—

17 “(A) SYSTEM AND DATA.—With respect to
18 the categories of chronic disease under para-
19 graph (2), the Secretary shall adopt a quality
20 measurement system that uses data described
21 in paragraph (4) and is similar to the Five-Star
22 Quality Rating System used to indicate the per-
23 formance of Medicare Advantage plans under
24 part C of title XVIII.

1 “(B) TARGETS.—Using such system and
2 data, the Secretary shall establish for each re-
3 form year the chronic care performance targets
4 for purposes of the payments under paragraph
5 (1). Such performance targets shall be estab-
6 lished in consultation with States, associations
7 representing individuals with chronic illnesses,
8 entities providing treatment to such individuals
9 for such chronic illnesses, and other stake-
10 holders, including the National Association of
11 Medicaid Directors and the National Governors
12 Association.

13 “(4) DATA TO BE USED.—The data to be used
14 under paragraph (3) shall include—

15 “(A) data collected through methods such
16 as—

17 “(i) the ‘Healthcare Effectiveness
18 Data and Information Set’ (also known as
19 ‘HEDIS’) (or an appropriate successor
20 performance measurement tool);

21 “(ii) the ‘Consumer Assessment of
22 Healthcare Providers and Systems’ (also
23 known as ‘CAHPS’) (or an appropriate
24 successor performance measurement tool);
25 and

1 “(iii) the ‘Health Outcomes Survey’
2 (also known as ‘HOS’) (or an appropriate
3 successor performance measurement tool);
4 and
5 “(B) other data collected by the State.

6 “(5) REPORTS.—

7 “(A) IN GENERAL.—Each State shall col-
8 lect, analyze, and report to the Secretary, at a
9 frequency and in a manner to be established by
10 the Secretary, data described in paragraph (4)
11 that permit the Secretary to monitor the State’s
12 performance relative to the chronic care per-
13 formance targets established under paragraph
14 (3).

15 “(B) REVIEW AND VERIFICATION.—The
16 Secretary may review the data collected by the
17 State under subparagraph (A) to verify the
18 State’s analysis of such data with respect to the
19 performance targets under paragraph (3).

20 “(6) AMOUNT OF BONUS PAYMENTS.—

21 “(A) IN GENERAL.—Subject to subpara-
22 graphs (B) and (C), with respect to each cat-
23 egory of Medicaid beneficiaries, in the case of
24 a State that the Secretary determines, based on
25 the chronic care performance targets set under

1 paragraph (3) for a reform year for such cat-
2 egory, performs—

3 “(i) in the top five States in such cat-
4 egory, subject to subparagraph (C)(ii), the
5 amount of the bonus for each quarter in
6 the succeeding reform year shall be 10 per-
7 cent of the payment amount otherwise paid
8 to the State under subsection (a) for indi-
9 viduals enrolled under the plan within such
10 category;

11 “(ii) in the next five States in such
12 category, subject to subparagraph (C)(ii),
13 the amount of the bonus for each such
14 quarter shall be 5 percent of the payment
15 amount otherwise paid to the State under
16 subsection (a) for individuals enrolled
17 under the plan within such category;

18 “(iii) in the next five States in such
19 category, subject to clauses (i) and (iii) of
20 subparagraph (C), the amount of the
21 bonus for each such quarter shall be 3 per-
22 cent of the payment amount otherwise paid
23 to the State under subsection (a) for indi-
24 viduals enrolled under the plan within such
25 category;

1 “(iv) in the next five States in such
2 category, subject to clauses (i) and (iii) of
3 subparagraph (C), the amount of the
4 bonus for each such quarter shall be 2 per-
5 cent of the payment amount otherwise paid
6 to the State under subsection (a) for indi-
7 viduals enrolled under the plan within such
8 category; and

9 “(v) in the next five States in such
10 category, subject to clauses (i) and (iii) of
11 subparagraph (C), the amount of the
12 bonus for each such quarter shall be 1 per-
13 cent of the payment amount otherwise paid
14 to the State under subsection (a) for indi-
15 viduals enrolled under the plan within such
16 category.

17 “(B) AGGREGATE ANNUAL LIMIT FOR
18 EACH CATEGORY OF MEDICAID BENE-
19 FICIARIES.—

20 “(i) IN GENERAL.—In no case may
21 the aggregate amount of bonuses under
22 this subsection for quarters in a reform
23 year for a category of Medicaid bene-
24 ficiaries exceed the limit specified in clause
25 (ii) for the reform year.

1 “(ii) LIMIT.—The limit specified in
2 this clause—

3 “(I) for the second reform year is
4 equal to \$250,000,000; or

5 “(II) for a subsequent reform
6 year is equal to the limit specified in
7 this clause for the previous reform
8 year increased by the per beneficiary
9 percentage increase determined under
10 paragraph (1)(E) of subsection (e).

11 “(C) LIMITATION AND PRORATION OF BO-
12 NUSES BASED ON APPLICATION OF AGGREGATE
13 LIMIT.—

14 “(i) NO BONUS FOR THIRD OR SUBSE-
15 QUENT TIERS UNLESS AGGREGATE LIMIT
16 NOT REACHED ON FIRST TWO TIERS.—No
17 bonus shall be payable under clause (iii),
18 (iv), or (v) of subparagraph (A) for a cat-
19 egory of Medicaid beneficiaries for a quar-
20 ter in a reform year unless the aggregate
21 amount of bonuses under clauses (i) and
22 (ii) of such subparagraph for such category
23 and reform year is less than the limit spec-
24 ified in subparagraph (B)(ii) for the re-
25 form year.

1 “(ii) PRORATION FOR FIRST TWO
2 TIERS.—If the aggregate amount of bo-
3 nuses under clauses (i) and (ii) of subpara-
4 graph (A) for a category of Medicaid bene-
5 ficiaries for quarters in a reform year ex-
6 ceeds the limit specified in subparagraph
7 (B)(ii) for the reform year, the amount of
8 each such bonus shall be prorated in a
9 manner so the aggregate amount of such
10 bonuses is equal to such limit.

11 “(iii) PRORATION FOR NEXT THREE
12 TIERS.—If the aggregate amount of bo-
13 nuses under clauses (i) and (ii) of subpara-
14 graph (A) for a category of Medicaid bene-
15 ficiaries for quarters in a reform year is
16 less than the limit specified in subpara-
17 graph (B)(ii) for the reform year, but the
18 aggregate amount of bonuses under clauses
19 (i) through (v) of subparagraph (A) for the
20 category and such quarters in the reform
21 year exceeds the limit specified in subpara-
22 graph (B)(ii) for the reform year, the
23 amount of each bonus in clauses (iii), (iv),
24 and (v) of subparagraph (A) shall be pro-
25 rated in a manner so the aggregate

1 amount of all the bonuses under subpara-
2 graph (A) is equal to such limit.

3 “(g) STATE OPTION FOR RECEIVING MEDICARE PAY-
4 MENTS FOR FULL-BENEFIT DUAL ELIGIBLE INDIVID-
5 UALS.—

6 “(1) IN GENERAL.—Under this subsection a
7 State may elect for quarters beginning on or after
8 the implementation date in a reform year to receive
9 payment from the Secretary under paragraph (3).
10 As a condition of receiving such payment, the State
11 shall agree to provide to full-benefit dual eligible in-
12 dividuals eligible for medical assistance under the
13 State plan—

14 “(A) the medical assistance to which such
15 eligible individuals would otherwise be entitled
16 under this title; and

17 “(B) any items and services which such eli-
18 gible individuals would otherwise receive under
19 title XVIII.

20 “(2) PROVIDER PAYMENT REQUIREMENT.—

21 “(A) IN GENERAL.—A State electing the
22 option under this subsection shall provide pay-
23 ment to health care providers for the items and
24 services described under paragraph (1)(B) at a
25 rate that is not less than the rate at which pay-

1 ments would be made to such providers for such
2 items and services under title XVIII.

3 “(B) FLEXIBILITY IN PAYMENT METH-
4 ODS.—Nothing in subparagraph (A) shall be
5 construed as preventing a State from using al-
6 ternative payment methodologies (such as bun-
7 dled payments or the use of accountable care
8 organizations (as such term is used in section
9 1899)) for purposes of making payments to
10 health care providers for items and services pro-
11 vided to dual eligible individuals in the State
12 under the option under this subsection.

13 “(3) PAYMENTS TO STATES IN LIEU OF MEDI-
14 CARE PAYMENTS.—With respect to a full-benefit
15 dual eligible individual, in the case of a State that
16 elects the option under paragraph (1) for quarters in
17 a reform year—

18 “(A) the Secretary shall not make any pay-
19 ment under title XVIII for items and services
20 furnished to such individual for such quarters;
21 and

22 “(B) the Secretary shall pay to the State,
23 in addition to the amounts paid to such State
24 under subsection (a), the amount that the Sec-
25 retary would, but for this subsection, otherwise

1 pay under title XVIII for items and services
2 furnished to such an individual in such State
3 for such quarters.

4 “(4) FULL-BENEFIT DUAL ELIGIBLE INDI-
5 VIDUAL DEFINED.—In this subsection, the term
6 ‘full-benefit dual eligible individual’ means an indi-
7 vidual who meets the requirements of section
8 1935(e)(6)(A)(ii).

9 “(h) AUDITS.—The Secretary shall conduct such au-
10 dits on the number and classification of Medicaid bene-
11 ficiaries under such subsections and expenditures under
12 this section as may be necessary to ensure appropriate
13 payments under this section.

14 “(i) TREATMENT OF WAIVERS.—

15 “(1) NO IMPACT ON CURRENT WAIVERS.—In
16 the case of a waiver of requirements of this title pur-
17 suant to section 1115 or other law that is in effect
18 as of the date of the enactment of this section, noth-
19 ing in this section shall be construed to affect such
20 waiver for the period of the waiver as approved as
21 of such date.

22 “(2) APPLICATION OF BUDGET NEUTRALITY TO
23 SUBSEQUENT WAIVERS AND RENEWALS TAKING SEC-
24 TION INTO ACCOUNT.—In the case of a waiver of re-
25 quirements of this title pursuant to section 1115 or

1 other law that is approved or renewed after the date
2 of the enactment of this section, to the extent that
3 such approval or renewal is conditioned upon a dem-
4 onstration of budget neutrality, budget neutrality
5 shall be determined taking into account the applica-
6 tion of this section.

7 “(j) REPORT TO CONGRESS.—Not later than Janu-
8 ary 1 of the second reform year, the Secretary shall submit
9 to Congress a report on the implementation of this section.

10 “(k) DEFINITIONS.—In this section:

11 “(1) IMPLEMENTATION DATE.—The term ‘im-
12 plementation date’ means—

13 “(A) July 1, 2022, if this section is en-
14 acted on or before July 1, 2021; or

15 “(B) July 1, 2022, if this section is en-
16 acted after July 1, 2021.

17 “(2) REFORM YEARS.—

18 “(A) The term ‘reform year’ means a fiscal
19 year beginning with the first reform year.

20 “(B) The term ‘first reform year’ means
21 the fiscal year in which the implementation date
22 occurs.

23 “(C) The terms ‘second’, ‘third’, and suc-
24 cessive similar terms mean, with respect to a
25 reform year, the second, third, or successive re-

1 form year, respectively, succeeding the first re-
2 form year.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) CONTINUED APPLICATION OF CLAWBACK
5 PROVISIONS.—

6 (A) CONTINUED APPLICATION.—Sub-
7 sections (a) and (c)(1)(C) of section 1935 of
8 such Act (42 U.S.C. 1396u–5) are each amend-
9 ed by inserting “or 1903A(a)” after “1903(a)”.

10 (B) TECHNICAL AMENDMENT.—Section
11 1935(d)(1) of the Social Security Act (42
12 U.S.C. 1396u–5(d)(1)) is amended by inserting
13 “except as provided in section 1903A(g)” after
14 “any other provision of this title”.

15 (2) PAYMENT RULES UNDER SECTION 1903.—

16 (A) Section 1903(a) of the Social Security
17 Act (42 U.S.C. 1396b(a)) is amended, in the
18 matter before paragraph (1), by inserting “and
19 section 1903A” after “except as otherwise pro-
20 vided in this section”.

21 (B) Section 1903(d) of such Act (42
22 U.S.C. 1396b(d)) is amended—

23 (i) in paragraph (1), by inserting
24 “and under section 1903A” after “sub-
25 sections (a) and (b)”;

1 (ii) in paragraph (2)—

2 (I) in subparagraph (A), by in-
3 serting “or section 1903A” after “was
4 made under this section”; and

5 (II) in subparagraph (B), by in-
6 serting “or section 1903A” after
7 “under subsection (a)”; and

8 (iii) in paragraph (4)—

9 (I) by striking “under this sub-
10 section” and inserting “, with respect
11 to this section or section 1903A,
12 under this subsection”; and

13 (II) by striking “under this sec-
14 tion” and inserting “under the respec-
15 tive section”; and

16 (iv) in paragraph (5), by inserting “or
17 section 1903A” after “overpayment under
18 this section”.

19 (3) CONFORMING WAIVER AUTHORITY.—Section
20 1115(a)(2)(A) of the Social Security Act (42 U.S.C.
21 1315(a)(2)(A)) is amended by striking “or 1903”
22 and inserting “1903, or 1903A”.

23 (4) REPORT ON ADDITIONAL CONFORMING
24 AMENDMENTS NEEDED.—Not later than 6 months
25 after the date of the enactment of this Act, the Sec-

1 retary of Health and Human Services shall submit
2 to Congress a report that includes a description of
3 any additional technical and conforming amend-
4 ments to law that are required to properly carry out
5 this Act.

6 **TITLE V—PRICE TRANSPARENCY**

7 **SEC. 501. PROMOTING TRANSPARENT HOSPITAL PRICES**
8 **FOR CONSUMERS.**

9 The provisions of the rule entitled “Price Trans-
10 parency Requirements for Hospitals to Make Standard
11 Charges Public” published by the Department of Health
12 and Human Services on November 27, 2019 (85 Fed. Reg.
13 65524) shall have the force and effect of law.

○